

56-1

ONE REPORT 2022

S. KHONKAEN FOODS PUBLIC COMPANY LIMITED



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In case this annual report (Form 56-1 One Report) refers to information on the company's website, the information disclosed on the website should be considered a part of this 56-1 One Report. The board of directors is responsible for the accuracy and completeness of the information referred to as well as the display of the information in this 56-1 One Report.

Part

1

**Business and
Performance**





Vision and Business Review



Vision

*Co - Create Sharing Thai Food Ecosystem
That Betters Everyone's Life*



Goals

- **To Bring Thai Food to International Fame** By further developing products from native Thai wisdom with innovation and creativity up to the international standard for exporting and distributing throughout the world.
- **To Deliver the Best Experience to Customers** By creating products and services of every brand in the family by taking into account the customer's needs first and foremost. Delivering quality products at appropriate prices to emphasize credibility and confidence in the products and services of the company.
- **To Build an Ecosystem of Valuable Sharing** With effective integration and connection of every process and sharing of knowledge for every related party to grow sustainably together.
- **To be an Organization of Happiness** Where people with the same vision and goal are attracted. An organizational culture is built to drive everyone to work effectively. Fair rewards and benefits are provided to better everyone's life sustainably.



Strategies

- **Focusing on developing products** to match the customers' changing lifestyles to respond to various needs of each target group.
- **Adjusting the image and brand communication of the main brand, S. Khonkaen**, to fit the era and match the interest from a new generation of potential customers and add every online communication channel.
- **Expanding the offline, online and foreign channels** together with business alliances to distribute the products into the market thoroughly.
- **Developing the supply chain from upstream to downstream** to the point of excellence to get quality products within the range of cost that can compete and sustainably reduce negative environmental impacts.
- **Creating an organizational culture which everyone is willing to participate in** to drive the business to the same target of success.

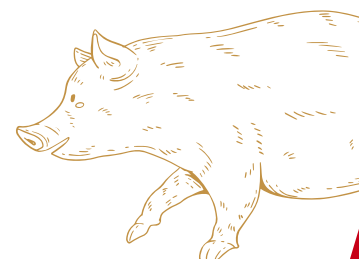




The Whole Picture of the Business

In the beginning, the company was founded with the vision of Dr. Charoen Rujirasopon, who saw the potential of native Thai food and wanted to bring it up to the international standards for global distribution. He determined to develop the products and services of the companies to serve customers' needs. The supply chain from downstream back to upstream is connected to increase its competitive potential. The business is

driven with environmental and social issues taken into consideration. Additionally, importance is placed on good business management as always. Therefore, today S. Khonkaen is the most popular organization of the native Thai food industry. It generates income for every related party and brings income and fame to Thailand in the international market.



1984

Important Changes and Developments

1984

Registering the business to sell souvenirs from Khon Kaen Province.



1988

Starting the production of processed food at the factory in Bangplee, Samut Prakarn Province.



1991



Starting to export processed pork products to Hong Kong as the first country.



2008

Adding a production line of **pork snacks** which had been developed in addition to the business of native Thai food.



2009

Expanding into the production line of **ready-to-eat frozen food** from the lifestyle change of city consumers and starting the third production line at the factory in Mahachai.



2010



Starting the business of **Quick Service Restaurants (QSR)** to sell papaya salads and northeastern food, adding more distribution channels for its products and further developing the business from upstream to downstream. The name of the company changed from "S. Khonkaen Food Industry PCL." to "S. Khonkaen Foods PCL.."



2014-2021



Running the business according to the policy "From Farm to Table," expanding the business of Thai northeastern food with the brand "Zaap Classic" and "Yunnan" both domestically and internationally.



2020



Expanding the Food Truck restaurant business, both company-operated and franchised.



1994

> 1995

> 2003

>

Becoming a **Public Limited Company**, registering with The Stock Exchange of Thailand, and starting a new production line as the second one at the factory in Nakhon Pathom.

Investing in **swine farming business** to manage the risks of raw materials used in processed food production

Expanding into **the processed seafood business** by establishing a subsidiary to distribute the risk from the fluctuation of the main business.

2012



> 2013

>

Establishing **S. Khonkaen Foods (E.U.) Co.,Ltd.** in the Republic of Poland to distribute the company's products to customers in the EU and the United Kingdom by hiring Polish manufacturers to manufacture native Thai food under the brand "S. Khonkaen."

Moving the production base from the Republic of Poland to the Netherlands. Hiring manufacturers in the Netherlands to manufacture the company's products to increase competition capacity, reduce transport costs, and increase production capacity sufficiently to accommodate future growth. Focusing on the main products such as pork balls, meatballs, fermented pork, and pork rolls etc.

Establishing **S. Khonkaen Foods (Netherlands) B.V.** to take the responsibility of marketing in the EU and the United Kingdom in place of S. Khonkaen Foods (E.U) Co.,Ltd. which was closed down in the same year.

Further developing the Quick Service Restaurant (QSR) business by launching the Yunnan Stewed Pork Leg on Rice.



2021

> 2022

Adjusting the restaurant business model by focusing on adding small, fluid, and low-cost restaurants and adding delivery distribution channels to match the consumers' changing behavior.

Fulfilling the Smart Building experience at the SOR Tower building, raising the standard, and creating a good work experience by using technology.







Message from the Chairman of the Board of Directors

In the year 2022 as just passed by, Thailand was still facing economic situation continuously attacking the country either the external affairs of the Russian - Ukrainian war or continually global market soaring oil prices whereas internally apart from higher cost of living caused by the outbreak of Covid-19 affecting the factors of purchasing power, inflation & deflation and the household debts soaring to a record high and also another factor, i.e. the tourism business which used to generate income to the country up to 22% of the country's revenue has abruptly dropped down in proportion of the number of tourists less than 1 out of 4 of the tourists visiting the country in the year 2019. Since the country lacked the purchasing power, the business running was not as easy as it used to be. Nevertheless, with the professionally experienced team work, the Company was still able to achieve the highest sales turnover as never ever done before with the profit in the average level not lower than the same business industry.

I therefore take this opportunity to extend my sincere thanks to the Management and all employees including the stakeholders, customers and benefactors who have contributed to the success of the Company on this occasion



(Dr. Thanong Bidaya)
Chairman of the Board of Directors





Message from the Chairman of Executive Board

In the past year 2022, Thailand's economic situation still remained sluggish as a result of the ongoing outbreak of Covid-19. In addition, the Russian – Ukrainian war has caused the global oil shortage with the soaring oil prices incessantly resulting in the continually rising product prices followed by the inflation, all of these factors significantly affecting consumers' spending. Furthermore, the income from tourists as the main purchasing power was less than the number of 10 million from the earlier number of tourists of 40 million visiting Thailand in the year 2019 causing the wide impact on the industrial chain connecting with tourism business. The income from tourism industry as used to contributed GDP up to 22% of Thailand's overall revenue thus consequently led to the situation of confrontation with inflation and deflation simultaneously. Besides, the cholera epidemic in swine (AFS) has intensified and not in inhibition causing loss of the number of swine more than 40%, and even worst, the disease was out of the control of the Department of Livestock Development, thus affecting cost of processed pork products significantly.

However, in crisis thereby always exists opportunity, the Company managed to achieve the highest unprecedented sales turnover, consumers in general are more cautious about quality and brand. Anyhow, due to the pork shortage situation, the prices increased more than 40% from the normal prices, the Company was unable to adjust product prices in proportion to price increment of raw materials but by the experienced strong team work, the Company managed to overcome endless obstacles to derive profit achievement and in the acceptable ratio in comparison to business in the same industry. I therefore wish to hereby extend my grateful thanks to all of you and our stakeholders.

Lastly, on behalf of the Board of Executive Directors, may I extend my sincere thanks to the management and employees of all levels who have joined forces together in leading the Company to the good success in year 2022.



(Dr. Charoen Rujirasopon)
Chairman of Executive Board

Financial Overview



Financial Overview

Income Statement	Year 2022		Year 2021		Year 2020	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
Revenue from Sales	3,172	100.0%	2,767	100.0%	2,763	100.0%
Cost of Sales	(2,409)	(75.9%)	(2,050)	(74.1%)	(2,027)	(73.4%)
Gross Profits	764	24.1%	716	25.9%	736	26.6%
Selling and Distribution Expenses	(326)	(10.3%)	(242)	(8.8%)	(269)	(9.7%)
Administrative Expenses	(309)	(9.7%)	(331)	(12.0%)	(312)	(11.3%)
EBIT	147	4.6%	205	7.4%	168	6.1%
Financial Cost	(30)	(1.0%)	(30)	(1.1%)	(33)	(1.2%)
Tax Expense	(19)	(0.6%)	(32)	(1.1%)	(25)	(0.9%)
Net Profits	101	3.2%	142	5.1%	110	4.0%

Statement of Financial Position	December 31, 2022		December 31, 2021		December 31, 2020	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
Total Assets	3,099	100.0%	2,785	100.0%	2,655	100.0%
Current Assets	1,224	39.5%	937	33.7%	885	33.3%
• Cash and Cash Equivalents	187	6.0%	103	3.7%	161	6.1%
• Trade and Other receivables	524	16.9%	432	15.5%	417	15.7%
• Inventories	384	12.4%	277	9.9%	217	8.2%
• Current Biological Assets	91	2.9%	112	4.0%	68	2.6%
Investment Properties	666	21.5%	629	22.6%	637	24.0%
Property, Plants and Equipment	1,082	34.9%	1,084	38.9%	985	37.1%
Right-of-Use Assets	101	3.2%	104	3.7%	116	4.4%
Total Liabilities	1,823	58.8%	1,561	56.0%	1,509	56.8%
Current Liabilities	1,163	37.5%	967	34.7%	909	34.2%
Non-Current Liabilities	660	21.3%	594	21.3%	600	22.6%
Total Shareholder's Equity	1,276	41.2%	1,224	44.0%	1,146	43.2%
Equity holders of the Company	1,278	41.2%	1,222	43.9%	1,144	43.1%
Non-Controlling Interests of the subsidiaries	(2)	(0.1%)	2	0.1%	2	0.1%

Financial Ratio		Year		
		2022	2021	2020
Total Number of Shares Issued	Million Shares	323.40	323.40	323.40
Earning per Share*	Baht/Share	0.13	0.22	0.79
Dividends per Share**	Baht/Share	0.10	0.15	0.20
Dividends Payout Ratio***	%	77.3%	67.1%	25.4%
Average Collection Period	Days	55	56	59
Finished Goods Holding Period	Days	9	8	7
Inventory Holding Period	Days	65	60	55
Average Payment Period	Days	51	55	56
Cash Cycle	Days	69	61	58
Return on Assets	%	3.3%	2.6%	2.1%
Return on Fixed Assets	%	21.8%	25.5%	23.9%
Assets Turnover Ratio	Times	1.1	1.0	1.1
Debt to Equity Ratio	Times	1.4	1.3	1.3
Interest Coverage Ratio	Times	9.3	10.7	8.8
Debt Service Coverage Ratio	Times	0.4	0.5	0.5

* Earning per share (Separate Financial Statement)

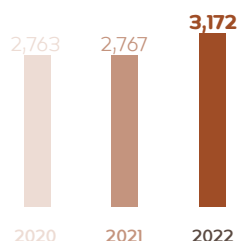
** Dividends per share: The Company's dividends entitlement is uncertain and pending approval of the 2023 Annual General Meeting of Shareholders

*** Dividend payout ratio (Separate Financial Statements)

Revenues

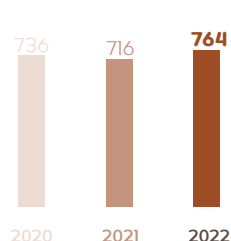
Sales Revenue

(Million Baht)



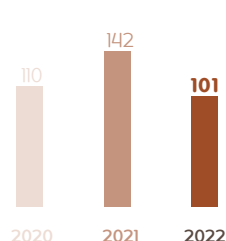
Gross Margin

(Million Baht)



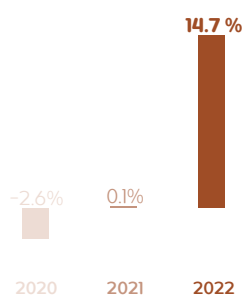
Net Profits

(Million Baht)



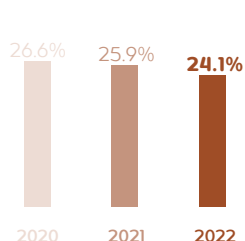
Sales Growth

(% YOY)



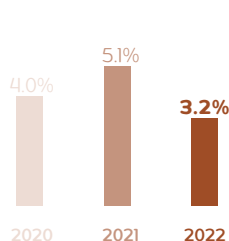
Gross Margin

(percent on sales)



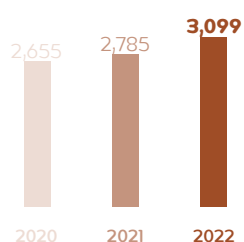
Net Profits

(percent on sales)



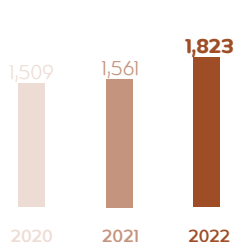
Assets

(Million Baht)



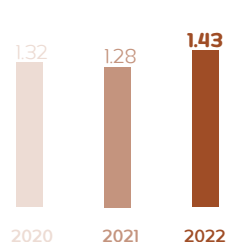
Liabilities

(Million Baht)



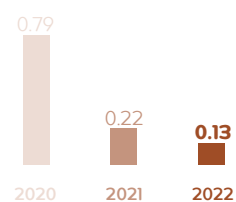
Debt to Equity Ratio

(times)



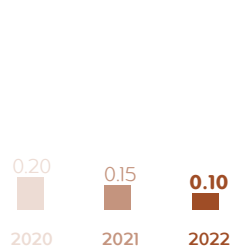
Earnings Per Share of Separate Financial Statement

(Baht)



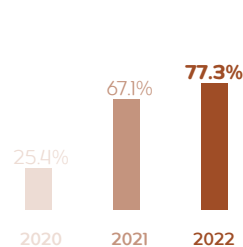
Dividend per Share

(Baht)



Dividend Payout Ratio

(percent)



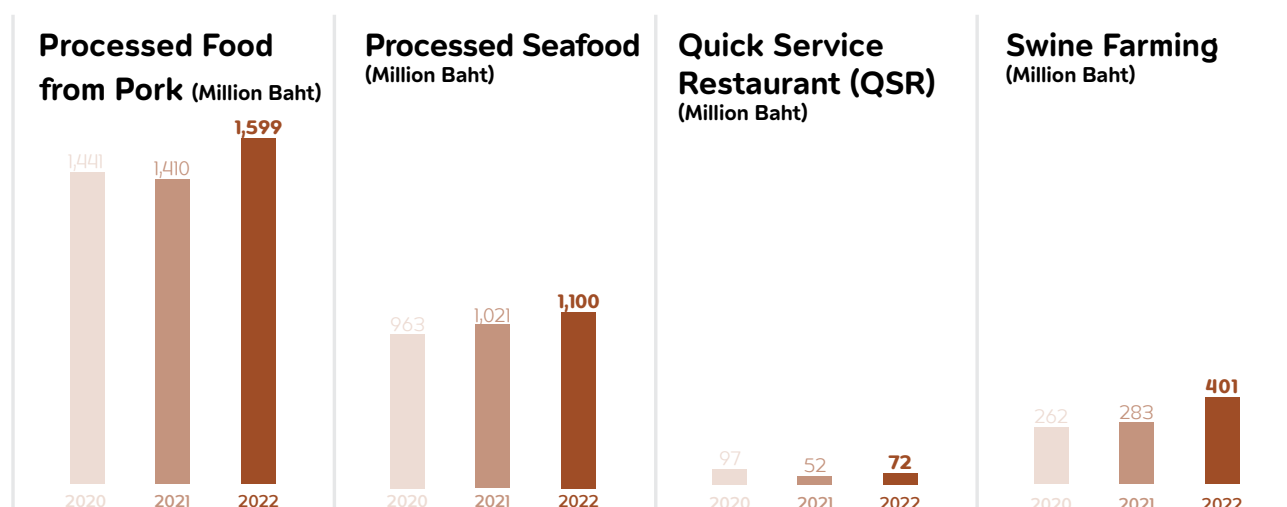
Revenue from Sales by business group

Processed
Seafood

Processed Food
from Pork

Swine
Farming

Quick Service
Restaurant (QSR)



Business Highlights

The Summary of Operation results.

The Company's revenue from sales in 2022 was Baht 3,172 million, which increase by 14.7% compared to the previous year. The sales from processed foods from pork, which are 50% of the total sales, increased by 13.4% compared to the previous year. This was due to sales growth through modern trade because of the Covid-19 measures being relaxed. Also, the launching of new native Thai food products such as Fermented Sausage with Spicy Chilies and Gooseberry Leaves, S. Chicken Breast, ready-to-eat products such as Fried Rice with Fermented Sausage, Vietnamese sausage in Spicy Salad, Tofu Pork Balls, Grilled Chicken Marinated in Coconut Sugar, etc, played a part. All of these were in response to customer behavior. Additionally, sales from the swine farming, which is 13% of total sales, grew by 41.7% from the previous year because of the year-round ever increasing pork prices in the market.

The Company's gross profit in 2022 was Baht 764 million baht, 24.1% of total sales. The gross profit ratio decreased by 2.0% compared to the previous year due to the increasing prices of pork, chicken, and fish compared with the average prices from the previous year. The cost of utilities e.g. electricity increased. The Company also managed its cost and adjusted its price structure since early in the year, while the swine farming business gained more gross profit due to the aforementioned increasing market price.

In 2022, The Company had the net profit attributable to company shareholders of Baht 101 million baht, 3.2% of revenue from sales, decreasing by 28.7% from the previous year. However, when comparing the net profit to the sales ratio, it decreased by 1.9% compared to the same period of the previous year. The Company realized the loss on change in fair value less cost to sales of biological assets in 2022, Baht 15 million.

Product Group	2022		2021		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Processed Food from Pork						
-Domestic	1,540	47.9%	1,346	47.3%	1,326	47.5%
-Export	59	1.8%	64	2.3%	115	4.1%
Total	1,599	49.7%	1,410	49.5%	1,441	51.59%
2. Processed Seafood						
-Domestic	1,010	31.39%	916	32.15%	885	31.7%
-Export	90	2.81%	105	3.70%	78	2.8%
Total	1,100	34.2%	1,021	35.8%	963	34.49%
3. Quick Service Restaurant (QSR)	72	2.3%	52	1.8%	97	3.46%
4. Swine Farming	401	12.5%	283	9.9%	262	9.37%
Total Sales	3,172	98.6%	2,766	97.1%	2,763	98.9%
Other revenue	44	1.4%	82	2.9%	31	1.10%
Total Revenue	3,216	100.0%	2,848	100.0%	2,794	100.0%

95% of the Company's revenue comes from domestic sales and 5% from export. The products exported mainly are processed seafood and processed products from pork respectively.

There are currently four main businesses of the company, which are:



Processed Food from Pork



Processed Seafood



*Quick Service
Restaurant (QSR)*



Swine Farming

1. Processed Food from Pork Business

The Company's revenue in 2022 was Baht 1,599 million, 49.7% of total sales. The growth rate decreased by 13.4% compared with the previous year and the gross profit was Baht 309 million, 9.7% of sales. The Company's revenue is growing continuously, especially through convenience stores and it is able to distribute its new products as planned.

Regardless, the prices of pork and chicken, which are the main production materials, have been fluctuating and increasing since the end of last year. This directly affects the gross profit ratio. However, the company focuses on its internal management, such as stockpiling during good prices, adjusting the debt payment period to get cash discounts, and adjusting the price structure and the cost management.

2. Processed Seafood Business

The Company's revenue in 2022 was Baht 1,100 Million, 34.2% of total sales. It grew by 7.7% compared to last year. The gross profit was Baht 279 million, 8.8% of sales. Regardless, domestic sales have been growing from the Company's policy to increase sales. It has expanded its distributing channels through new modern trade stores and traditional retail stores with community refrigerators shared with its business partners.

Even if the Company has been affected by the price increase of seafood, which is the main raw material, the

Company has adjusted its product price structure, cost management, and launched new ready-to-eat products to be distributed through modern trade. The products are named Round Jumbo Fishballs or Fish Strips and Fish Balls in Clear Soup.

3. Quick Service Restaurant (QSR)

The Company's revenue in 2022 was Baht 72 million, 2.3% of total sales. It grew by 38.6% compared to the previous year and its gross profit was Baht 35 million, 1.1% of the sales. In the recent year, the Company closed some branches that lost profit continuously. However, sales from each branch at the storefront and through delivery have had a tendency to continuously improve while the situation of Covid-19 is getting less severe.

4. Swine Farming

The Company's revenue in 2022 was baht 401 million, 12.5% of total sales. It grew by 41.7% compared to the previous year. Its gross profit was 141 million baht, 4.4% of sales. Regardless, the Swine Farming business has been continuously positive because of the pork prices, which has allowed the company to be able to reduce the overall cost of the Company group. The Company has been investing and focusing on raising pigs according to the biosecurity standard.

Product Ratio in 2022



Our Global Network S.Khonkaen Products



	SEAFOOD	MEAT PRODUCT
USA	●	
UK	●	●
SCANDINAVIA	●	●
WESTERN EUROPE	●	●
EASTERN EUROPE	●	●
SOUTHERN EUROPE	●	●
HONGKONG	●	●
KOREA	●	
JAPAN	●	
CAMBODIA		●
LAOS	●	●
MYANMAR		●
PHILIPPINES		●
ISRAEL	●	
AUSTRALIA	●	●

Products of S. Khonkaen Foods Group

Processed Food From Pork

S. Khonkaen



Thai Sausage Fresh



Thai Sausage Ready-to-Cook



Thai Sausage Vermicelli



Vietnamese Sausage
Original



Vietnamese Sausage
Spicy



Vietnamese Sausage
Black Pepper



Vietnamese Sausage
Traditional



Vietnamese Sausage
Chinese Mushroom



Fermented Sausage



Fermented Sausage
with Spicy Chilies
and Gooseberry Leaves



Fermented Pork Ribs



Peeled Small Ball
Fermented Pork



Small Ball Fermented Pork
with Gooseberry Leaves



Dried Pork



Crispy Pork



Crispy Flossy Pork
with Fried Shallot



Crispy Pork Rinds



Shredded Pork



Chinese Sausage



Spicy Vietnamese
Sausage Salad



Grilled Chicken
Marinated in Coconut Sugar



Roasted Red Pork

Moo Dee



Vietnamese Sausage



Vietnamese Sausage
Black Pepper



Vietnamese Sausage
with pork skin



Fermented Sausage



Small Ball Fermented Pork



Thai Sausage



Thai Sausage (Hir)



Shredded Pork



Crispy Pork

Baan Phai



Fermented Sausage



Vietnamese Sausage



Chinese Sausage



Shredded Pork

Moo Champ



Pork Ball



Fermented Sausage



Vietnamese Sausage



Crispy Shredded Pork

Huai Kaew



Fermented Sausage



Vietnamese Sausage

Millionaire



Vietnamese Sausage

Snack Processed from Pork

Entrée



Crispy Pork



Crispy Pork Rinds

Frozen Food



Yunnan Stewed Pork Leg

Herbal Drinks



Tai Pao Long

Chili Sauces and Others



Processed Seafood

Boiled Products



Fried Products



Ready-to-Cook and Ready-to-Eat Products





Processed Food from Pork Business

1. Thai Native food

This is the main product group that created our reputation and makes profit for the company. It is also the product group that has won the heart of consumers, having been the first brand in people's minds for a long time.

From the Covid-19 pandemic that started to ease up in 2022, consumers' purchasing power is getting better. However, raw material costs are getting ever higher, from the costs of pork (which are the main raw material), caused by the African Swine Fever (ASF) pandemic since last year, and packaging costs, to raw material costs for chicken that are getting higher depending on the price mechanism, the company then has to keep an eye on and evaluate the situation closely. But on the whole it can still retain its market share well by adjusting its

strategies to fit the fast changing circumstances. It focuses on marketing activities to attract consumers to buy our products, new product launches to cater to the trend of today's consumers, and internal policy changes, controlling and managing expenses efficiently while retaining product standards very well, from cleanliness and taste to production procedures. Consumers, as a result, still trust us, so the company is able to retain its former customer base and expand distribution channels for access to more customers.



2. Ready-to-Eat Frozen Food and Ready-to-Heat Frozen Food : RTE & RTH

These product groups have been designed to answer the needs of today's consumer behaviors, rushing in life and needing convenience while consuming food. They are high-potential products in the future.

In the recent year, the company has tried to expand its varieties of these types of products. The sales, therefore, have been growing by large amounts, especially during the Covid-19 pandemic, which has changed consumers' consumption behavior. They go to restaurants less, but would rather buy from convenience stores, which goes along with the company's intended distribution channels for frozen ready-to-eat and ready-to-reheat products. Even if the Covid-19 situation nowadays has eased up, consumers' altered consumption behavior has become the "New Normal", so the company intends to develop these types of products continuously.

3. Snacks Processed from Pork and Chicken

Meat-based snacks are produced especially to respond to a new generation of lifestyles. The company produces and distributes two brands: Entrées consisting of crispy pork and pork rind products, and in 2022 the new brand S. Chicken Narok, pure chicken snacks, was launched. Both brands target consumers who want to eat snacks but still care for their health and hence pick protein-based ones, which responds to the health-conscious trend, becoming ever increasingly popular in both the new generation and old generation.

Snack



Marketing Strategy

1. New Product Development

is an essential strategy of the company to develop products to satisfy different consumers' needs and today's fast changing consumption trends. It still places importance on standard sustinment, caring for every step of the production procedure, which has built trust in the brands in the group for these past thirty years. The new products in 2022 include:

2022

JAN

FEB



- **MAR**
S. Chicken Breast

JUN

MAY



- **APR**
S. Khonkaen
Vietnamese Sausage
in Spicy Salad



AUG



- **JUL**
 - New flavor for Crispy Pork Entrée
"Kochujang Grilled Pork"
 - Moo Champ Black Pepper
Jumbo Vietnamese Sausage



- **SEP**
S. Khonkaen
Fermented Pork
with Spicy Chilies
and Gooseberry
Leaves

DEC

OCT



- **NOV**
 - S. Khonkaen Fermented Pork
with Spicy Chilies
and Gooseberry Leaves
 - S. Khonkaen Grilled
Chicken Marinated in Coconut Sugar

The concepts for products launched in 2022 are summarized as follows:



S. Chicken Breast

Snacks for the healthy launched under the new brand. Meat Snacks respond to the company's strategy to advance its expertise as the market trend setter for processed meat products. It aims to become the market leader for healthy snacks, penetrating both the Thai and foreign markets. S. Chicken Narok, Chicken Breast Snack, is a snack from pure chicken breast with no flour added and made by baking. Introduced as a high-protein and low-fat spicy whole piece snack, two flavors have been launched: Spicy Chili, spicy with roasted Jinda chilies, and Hot Narok Chili Paste, very hot with roasted Bird's eye chilies.



New flavor for Crispy Pork Entrée "Kochujang Grilled Pork "

This new product from Entrée is made from pure pork without flour, high in protein, and baked not fried. This is the first time developing this recipe together with the first-ranked alliance grill brand "SUKISHI" to respond to the trend of Korean grilling that is growing rapidly. It combines a Korean secret Kochujang formula signature recipe with the deliciousness of Entrée baked crispy pork. Pieces of Chilies are added to the pack to enhance the complete spice and improve the texture for eating.



Moo Dee : Tofu Pork Balls

A new product from Moo Dee brand replaces the monotony of regular pork balls with pork balls that have a new texture: smooth, soft, bouncy, uniquely aromatic, big, and with no preservatives added. It is introduced as a product that goes together with major meals such as sukiyaki or hotpot, suitable for snacking together with a family or partying with friends, an easy addition to instant noodles, a grilled meal, or other main foods. It goes well with many foods.



S. Khonkaen Vietnamese Sausage in Spicy Salad

This ready-to-eat meal was concocted to emphasize the first-ranked brand of pork roll brands that consumers like. It comes with its selling point of being tasty with every flavor and spicy, responding to consumers who like eating spicy salads. Excellent raw materials are selected for the soft pork roll with hot and spicy salad sauce blended into different vegetables for a crispy texture, such as coconut shoots, carrots, and White Jelly mushrooms. This product is available at convenience stores, targeting people with a time-pressured lifestyle who do not have time for cooking and need convenient meals. He or she can just heat it up, pour it into a bowl, and mix and enjoy.



Moo Champ Black Pepper Jumbo Vietnamese Sausage

A jumbo pork roll without preservatives and with a slightly hot aroma from black pepper which can be sliced and fried and mixed with popular salad recipes or other dishes deliciously.



S. Khonkaen Grilled Chicken Marinated in Coconut Sugar

Another ready-to-eat dish launched to support the image of an expert in native Thai foods is introduced to the new market. It adapts the Thai-taste of street food dishes to better suit the lifestyle of today's consumers. Nice chicken thighs are selected to blend with Thai-style spices from coriander roots and garlic to black pepper marinated with coconut sugar for delicious, soft, and aromatic grilled spices. This is perfectly delicious red grilled chicken that everyone is familiar with.



S. Khonkaen Fermented Pork with Spicy Chilies and Gooseberry Leaves

This product originated from the Product Line Extension strategy by adding a new fermented pork product with a variety of tastes. Seasoned taste is highlighted to impress the northeastern palate. It further promotes the identity of local Thai taste wisdom as a new choice for those who like local foods and original side dishes. Excellent ingredients are used from the pork, pork skin, and tasty spice blend, and also the special new ingredient 'gooseberry leaves', which are a northeastern secret to food preservation and which have been eaten with fermented pork by them for a long time. The texture is then more fun to chew and the spicy dimension is added with green and red Jinda chilies, giving both aroma and spicy taste, perfectly delicious.





2. Multi Brand Strategy

This is the strategy used to satisfy different groups of customers and expand even more distribution channels to cover the market by using its production capacity strength to produce the same type of products in a large volume. Its variety of brands makes the company liquid in distributing products in both the domestic and export markets. It also is an essential force to maintain the company's market share of native Thai food products effectively. All these years the company has been creating awareness of its products from every one of its brands for consumers' familiarity and wide acceptance.





3. Communication Strategy to Reach the Target

This is the strategy used to satisfy different groups of customers and expand even more distribution channels to cover the market by using its production capacity strength to produce the same type of products in a large volume. Its variety of brands makes the company liquid in distributing products in both the domestic and export markets. It also is an essential force to maintain the company's market share of native Thai food products effectively. All these years the company has been creating awareness of its products from every one of its brands for consumers' familiarity and wide acceptance.

4. Product Standard and Quality Maintenance Strategy

is a strategy the company places so much importance on because it wants every product to be of the same standard for consumers' trust. Quality control is conducted in every dimension from hygiene to its striking taste. It uses the production procedure certified by GMP and HACCP standards as well



Marketing Activities

'First-Ranked for Every Recipe' Campaign

This is a communication campaign to highlight its first rank for Vietnamese Sausage products consumers like and trust most compared to other Vietnamese Sausage in the market (research from Macromill South East Asia (Thailand), 2021). Its purpose is to promote the brand image for its reliability, increase product awareness, and gain trust from general consumers who have never tried the products of the Company. Communication is done through every type of channel such as adding symbols on packaging, widely known social media, e.g. wongnai.com, WE TV and Facebook, news channels, KOL, and a contest activity to seek the best dish for the first-ranked Vietnamese Sausage. For this activity, customers cook dishes they like using S. Khonkaen Vietnamese Sausage and say why they picked S. Khonkaen Vietnamese Sausage as the first Vietnamese Sausage in mind.



2. TV Show Sponsorship to Increase Brand Awareness

This is the first time after all these years that the Company shook hands with a media mogul Workpoint to be the major sponsor for Stars Chef Thailand, a Thai food cooking contest variety TV show with many famous chefs from the country participating. Its main objectives are to share the traditions, way of life, and food culture identity of each local region throughout the country. Thainess is displayed through a new type of medium to reach today's consumers more easily. This cooperation not only corresponded to the organization's main vision and missions, it also made S. Khonkaen brand increasingly known during the three-month broadcast both from TV and online.

3. Sponsorship for Special Activities or Events to Reach Target Consumers

This year, the Company is focusing on brand building to create brand identity and awareness from consumers, especially the new generation and its prospects. It therefore has sponsored different activities held by business alliances which have the same target customers for maximum benefits of each brand's image and selling opportunity boost, such as the special training Marketing Trainee year 35 by the Marketing Association of Thailand, ICONSIAM Food Truck Bazaar, being the main sponsor for the ROV fashion contest 2022, supporting the Sport Day of Raffles American School Bangkok, etc.

4. Advertising and Distributing Booth

This activity is to launch and advertise new products to target consumers. It aims for consumers to try the products and buy them at special prices by reaching out to them through different channels such as modern trade or fresh markets, etc.



5. My Entrée x Sukishi My Review Exactly Activity

The activity to promote new products "Entrée x Sukishi, crispy Kochujang grilled flavored pork" urges everyone to review the product for the chance to win special prizes. This has increased the brand awareness during the launch. The special thing about this activity is it started by its employees reviewing the product to create liveliness and participation from within before advertising to consumers. Participants can post pictures or videos through every social media channel from Facebook to Instagram or TikTok.



6. Cooperation with Restaurant Partner Special Activity

After the company launched 'Fermented Pork with Spicy Chilies and Star Gooseberry Leaves', it has been focusing on advertisement activities for awareness among the main target group. It therefore became partners with restaurants which are popular and well-known among the new generation, such as HOBs House of Beers to introduce products and give out samples to increase selling opportunities and also bring the brands into the new lifestyles of today's consumers. This is for customers to realize native Thai food products are not just ingredients for cooking any longer.

7. Special Packaging Development for Products during the New Year

This is an important activity which the company has been developing every year. This year it still focuses on patterns on the packaging to show Thai identity along with a holy phrase on the boxes of each product under the concept 'Hopes come true' for the receiver to be fulfilled in the heart and auspiciousness during the New Year. Products with special packaging are only available for purchase during the joyous season.



Sales Strategies

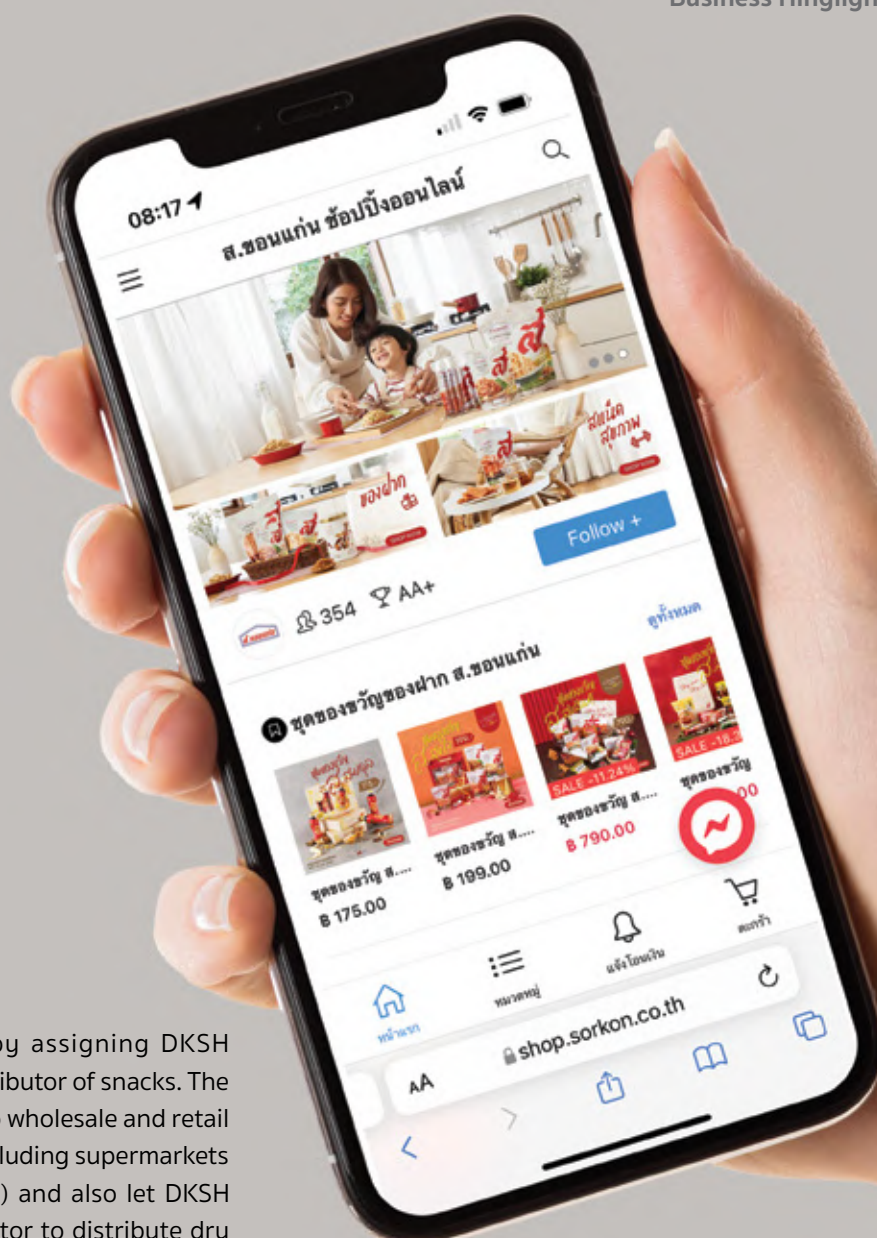
For products to fully reach customers, the company places importance on every distribution channel as follows:

1. General Trade

This is one of the channels with growth and is a distribution channel the company places importance on because access is the easiest for customers. The company therefore focuses on expanding distribution channels through various traditional retail stores such as local stores, restaurants, production industries, and also fresh markets. It has cooperated with an important business alliance 'Thailand Post' to expand its distribution into over 1,400 branches of Thailand Post throughout the country as well.

2. Modern Trade

This includes supermarkets, hypermarkets, and convenience stores, which are the main profit-making channels for the company. Management and distribution are mostly done by themselves, except snacks, which were assigned to DKSH (Thailand) Co., Ltd. to distribute solely.



3. Distributor

The company manages sales by assigning DKSH (Thailand) Co., Ltd. as the sole distributor of snacks. The alliance is to distribute products to wholesale and retail stores throughout the country, including supermarkets without a distribution center (DC) and also let DKSH Thailand be the domestic distributor to distribute dry products and some additional fresh products.



**ONLINE
SHOPPING**

4. E-Commerce

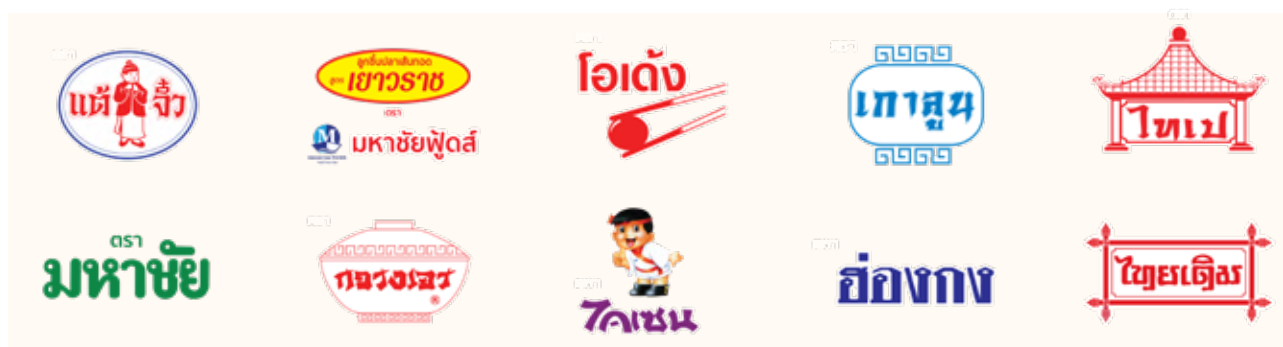
From adjusting sales strategies to reach today's lifestyle consumers and to handle the Covid-19 pandemic, the company places importance on and focuses on the growth of online sales channels more, from regular content communication, online live sales, social media advertisement, or activities on every channel of digital social media such as Facebook, Shopee, or TikTok.

Not only that, the company is looking for a business alliance with professional expertise to fully distribute both within the country and for export, such as cooperation with delivery platforms such as Grab Mart or Lineman Mart, which are new channels to distribute products to increase convenience and increase exposure to consumers in the present age, and also selling to well-known retailers such as Pimree Pie Sell Everything page, etc, for S. Khonkaen products to be sold live for a new much larger customer base.

For the export market, it has shaken hands with an alliance from Singapore (Fan page: My BKK Shop Page), which provides S. Khonkaen products for live selling to Singaporeans to expand distribution channels and increase the customer base.



Processed Seafood



The business of processed seafood is conducted by a company in the group called Mahachai Foods Co. Ltd. ('Mahachai'), a producer and distributor of processed seafood and ready-to-eat products in the forms of chilled and frozen seafood. They are sold under well-known brands in the market such as Teochew, Guangzhou, Kowloon, Shanghai, Hong Kong, Taipei, Mahachai, Kaizen, and Oden. It also has been an original equipment manufacturer (OEM) for different brands. Mahachai Foods products are categorized based on their production procedures. There are three categories as follows:

1. Boiled Products

Mahachai Foods specializes in fish meatball production. The products that are boiled include different types of fish meatballs, from circle, oval, to mini, and boiled fish strips made from sea fish. The products are delicious and do not smell fishy. Their texture is uniquely smooth, soft, and supple.

2. Fried Products

Mahachai Foods' outstanding fried products include fried fish tofu and fish strips. They are produced with delicately selected sea fish which goes through a high quality production procedure before being fried at a suitable temperature. The oil used to fry is checked constantly to get products that do not retain oil. Mahachai Foods is focusing on developing fried products for more variety as well.

3. Ready-to-Cook and Ready-to-Eat Products

This is the new product group Mahachai Foods has been trying to develop in addition to the basic products it specializes in which is fish strips in clear soup. It has been developed into an easy ready-to-cook product to respond to today's consumer lifestyle.

In 2022, the preventive measures to control the pandemic have been relaxed, causing economic activities and spending to become more active. However, the world's economy is still slowing down and the Russia-Ukraine war is still ongoing, and the inflation rate is ever further accelerating. These are affecting the costs of production and the consumers' purchasing power simultaneously. Under these circumstances, Mahachai Foods tried to maintain the prices of its products for as long as possible to retain its market share and help to reduce the cost of living for consumers. Even if eventually it needed to adjust the prices of its products corresponding to the costs, the price adjustment was done after market research showing consumers found it acceptable.

Marketing and Sales Strategies

Mahachai Foods' places utmost importance on the product's quality and tastes to satisfy consumers' needs. According to the law, one of the fundamental consumer protections is they shall receive products that are safe and not contaminated, nor should they contain toxic chemicals under the global standard of processed seafood production. This standard is to certify that the factory produces quality food that is safe for consumption. Presently, Mahachai Foods' factory is certified by HACCP, GMP, and ISO9001:2015, which guarantee its products' quality is up to the export standards.

Details of the marketing and sales strategies are as follows:

- 1. Expanding distribution channels into new areas** by nominating distributors in different provinces, especially in the north and the northeast in order to reach new customers and spread products.
- 2. Developing new products in the group of ready-to-cook and ready-to-eat** in order to add more alternatives for consumers.
- 3. Adding trading products, in particular frozen fresh products in small containers**, to go along with consumers' spending behavior and the distribution channels it aims to expand.





Examples of small-sized products selling at 25 THB and designed according to the shopping behavior of small families whose quantity per purchase is not large.

Table of New Products throughout 2022

Product Group	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Further Product				    							   	
				<ul style="list-style-type: none"> - Mahachai Foods Fried Fish Strips (F) 150g - Mahachai Foods Fish Ball pack size 110-120g 	<ul style="list-style-type: none"> - Chiu Chow Fish Noodles (H) 1,000g 						<ul style="list-style-type: none"> - Mahachai Foods Fried Fish Strips 900g Adjust weight* - Mahachai Foods Fish Tofu 400g Adjust weight* - Mahachai Foods Small Fried Fish Strips 900g Adjust weight* - Kowloon Small Fish Ball 450g - Kowloon Big Fish Ball 450g - Kowloon Rugby Fish Ball 450g 	
Frozen Product												
										  		
										<ul style="list-style-type: none"> - Mahachai Foods White Shrimp 60g - Mahachai Foods Band Squid 150g - Mahachai Foods Stripes Squid 140g 		

*Change Packaging

Table of New Products throughout 2022

កំឡុង	Brand	SKU	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Boiled Product (9 SKUS)	Chiu Chow, Taipei, Kwang Chao	9 SKUS							   					
		Name		-Taipei Big Fish Ball (pack value) 200g	-Kwang Chao Mini Fish Ball 90g x2 -Kwang Chao Rugby Fish Ball 90g x2				- Chiu Chow Rugby Fish Ball 400g - Chiu Chow Big Fish Ball 400g - Chiu Chow Dent Fish Ball 400g - Chiu Chow Boiled Shrimp Ball 100g		- Chiu Chow Mixed Fish Ball 70g	-Chiu Chow Big Fish Ball 400g - Taipei Big Fish Ball 200g		
		Channel		7-Eleven,	MaxValue, The Mall, GOLDEN PLACE				Big-C TOPS LOTUS'S		7-Eleven	LOTUS'S TOPS		
Fried Product (4 SKUS)	Chiu Chow, Mahachai	4 SKUS							  					
		Name							- Chiu Chow Sliced Fried Fish Strips 400g - Chiu Chow Fried Fish Strips 400g - Chiu Chow Fried Fish Cake 400g		Chiu Chow Fried Fish Strips 400g			
		Channel							Big-C CJ Express,			LOTUS'S		Makro
Noodle Product (3 SKUS)	Chiu Chow	3 SKUS		 										
		Name		- Chiu Chow RTH-Seasoned Fish Noodles 120g - Chiu Chow RTH-Seasoned Fish Noodles with Creamy Spicy Soup 120g	- Chiu Chow RTH-Seasoned Fish Noodles 120g				- EzyGo by Chiu Chow RTH-Seasoned Fish Noodles Cup 330g					
		Channel		Big-C, MaxValue, The Mall, UFM	Big-C, MaxValue, The Mall, UFM				7-Eleven,					

Business Hihlights



Marketing Activities

Throughout the year, Mahachai Foods consistently participated in different exhibitions to promote its products and reached out to the target more.

1. Makro HoReCa at Impact, Meung Thong Thani

Makro HoReCa is a complete exposition of food and appliances held every year by Makro. Its purpose is to encourage the entrepreneurs of the HoReCa business (Hotel, Restaurant, Catering) to provide knowledge, news, and new ideas for other entrepreneurs in these fields to work on. Mahachai Foods brought its processed seafood products, such as shrimp and squid meatballs and ready-to-eat fish strips, to the show and they were given attention by a lot of restaurant entrepreneurs.

2. Sakhon Fish Ball Festival

The Sakhon Fish Ball Festival was held for the first time on August 11-14, 2022 in the Mahachai Subdistrict by the Samut Sakhon Provincial Administrative Organization. It was a festival attended by entrepreneurs of meat ball factories in Samut Sakhon which produces meat balls for various domestic and foreign brands. They presented fish balls of various types and flavours. There were over 50 types of meat balls being presented, such as fish balls, shrimp balls, crab balls, pork balls, chicken balls, shark's fin balls, jellyfish balls, shellfish balls, and others. In this festival there were free sampling activities, specially priced products, and meatball cooking from different recipes to demonstrate that meatballs can be widely used as an ingredient as well. The new products of Mahachai Foods which received lots of attention are fish strip noodles in clear soup, squid balls, and lobster balls.

3. Agricultural Fair on Khong River at Sri Meung Field, Udon Thani 2022

This agricultural fair was held in Udon Thani Province from August 26 to September 4, 2022 at Sri Meung Field in Udon Thani under the concept "GREEN CONNECTION MARKET". Its purpose was to provide opportunities for quality agricultural products according to the government policy and drive the agricultural sector with the BCG Economy Model by integrating with the governmental and the private organizations. This created opportunities for the farmers and others in the agricultural and food sector to learn and develop marketing, increase their skills to develop product forms, and create product innovations and learn to manage their products to match the needs of the consumers as well. This also promoted tourism within Udon Thani. Mahachai Foods participated in this event and arranged free sampling activities and sold the products at special prices. It also presented the new products which were three flavors of fish strip noodles, squid balls, and shrimp balls, which gained attention from a lot of customers.



Swine Farming

After the company established its swine farm business with a long-term vision, seeing volatile prices of the pork used in the production of processed food, which is the main product, and for efficient supply chain management, it has been continuously investing in and developing innovation for its Swine farming business and hence met the standards for pork export. The business also creates job opportunities and income for people in the community, and its financial growth in 2022 was significant due to higher raw pork prices in the market.

S. PASUSAT Co., Ltd. sells weaned pigs, nursery pigs, and fattening pigs. The capacity for pigs is as follows:

Sows Pigs	2,000 Pigs
Pigs	100 Pigs
Young saw pigs	500 Pigs
Weaned pigs	5,800 Pigs
Pigs	7,600 Pigs

The Company has selected and developed breeds suitable for the environment and the consumption needs in each country it exports to. Breeds have been developed based on the fundamentals of natural genetics, from purebred to great grandparent using science and medical technology to improve the breeds for strength, high yields, and satisfaction for customers who want quality meat. The company imported three breeds of breeder sperm from Denmark for breed development as follows:

1. Duroc Sperm:

dark-red, floppy-eared, big, tall, big and strong leg joints, strong, able to adapt to the environment well, easy to raise and suitable to become breeders for fattening pigs which are strong and grow fast for delivery to the market

2. Large White Sperm:

white, hood-eared, long body, fertile, good at raising their kids, strong and able to adapt well, easy to raise, able to be a good mother, and suitable as the breeder for purebred pigs or for crossbreeding with Landrace.

3. Landrace Sperm:

white, floppy-eared, long body, muscular, strong, easy to raise, fertile, and good at raising their kids, suitable as the breeder for purebred pigs or for crossbreeding with Large White.

Other than selling pigs, the company also earns from selling by-products from farming. The total productions of by-product in 2021-2022 are as follows:

	2021	2022
Animal food factory (tons)	11,891.63	10,972.98
Pig manure (tons)	45	39

Location and Farm Design

The swine farm of S. PASUSAT is located in Phaya Yen Subdistrict, Pak Chong District, Nakhon Ratchasima. It is surrounded by mountains with a good climate and far from communities. The company selected this location based on its risk management capability, Green Farming, animal welfare, and biosecurity systems. It is started with the location being in an area suitable for raising animals, having sufficient basic public utilities, and a safe animal transport system which prevents onboard infection and a complete area of separation between the livestock living area and the area outside according to the measures to control farm entry and exit.

Livestock are raised in open buildings with a net covering each building to prevent pests from getting in. The buildings have been renovated and the buildings for replacement gilts was constructed and enclosed with the Evap innovation system according to animal welfare principles to control the temperature inside the

buildings to always be suitable, control the automatic feeding system and the system of health checks with digital technology, preventing pests from coming into the pig buildings, allowing the livestock to express their nature like they should and raise each type of livestock with proper light so they do not get stressed out and can grow well.

Other than that, the company has been developing this livestock farm as a **Green Farm**, with the management of efficient resource utilization, waste management system, water treatment system, environmental care in the establishment under biological variation principles, management of the impact on the environment and the surrounding communities, and also waste utilization from the farm for biogas production to use as fuel for electricity production for the farm. It also encourages its farmers to use silted wastewater as fertilizer with dry crops and garden plants to alleviate environmental impact both in terms of waste and air pollution. Besides, in 2023, the company plans to construct two sites of eight buildings to increase production capacity and for animal welfare, so that it is not too crowded of a raising space.

Quality of Livestock Raising

The company has been continuously developing its system and technology for raising livestock and received many certifications of standards from the Department of Livestock Development, such as Swine farm without Foot and Mouth Disease, GAP standard, Swine Farm without Leanness-Enhancing Agents, and Environmentally-Friendly Farm. At the moment it is requesting additional certification for Swine farm without African Swine Fever.

Not only receiving certifications of standards, the company also seek to improve its livestock raising process under four principles of animal welfare care, including 1. Getting enough nutrients and water 2. Comfortable in a suitable environment 3. Healthy without injuries 4. Raised well, happy pigs. Using these four independent principles along with raising the efficiency per area, no use of chemicals to raise pigs, strong breeds and nutritionally appropriate food for the age of the livestock, and a work process that always cares for human and animal health at the same time, the company places importance on the livestock being healthy. Veterinarians are there to control the farm and check the livestock's health during raising. If a pig is found sick, it will be treated according to animal welfare

Business Highlights

principles, especially “responsible use of antimicrobial drugs”, which includes:

- Use of drugs must be under the veterinarian’s strict control and for only necessary treatment.
- Use of antibiotics for growth acceleration must be avoided.
- Work with world-class professionals to find new better ways to take care of livestock for their good health according to animal welfare principles to reduce the necessity of antimicrobial drug use.

Important Changes and Development

1. Biosecurity System Improvement

to prevent diseases spreading in pigs, especially during this African Swine Fever (ASF) epidemic, the company has issued regulations for its farm personnel and visitors to strictly comply with. With excellent biosafety management, the company has had an impact on the pandemic in the recent year, starting with ingraining its personnel and safety staff on each spot to realize the strictness of the measures the company declared and developing additional construction to support additional sanitization in every step for utmost effectiveness.

2. Infrastructure Improvement

- Constructing buildings for replacement gilts with an Evap innovation system to improve yield.
- Expand its electricity system to accommodate production sufficiently.
- Improve its tap water system for pigs to drink and use to be up to standard.

3. Environment Development and Waste Disposal

In 2022, the Company started to plan a project on waste disposal by using pig excrement for electricity production from biogas for use within the farm as alternative energy. Currently, it has started digging a biogas pool with a capacity of 50,000 m³, which can produce electricity for use within the farm by 70%. This is due to be ready to use in 2023.

Pig excrement residue will be dried before being poured into sacks for sale to farmers in the area for them to use as fertilizer.







Quick Service Restaurant Business

Throughout 2022, with the outside environment and economic situation all affected by Covid-19, restaurant businesses had to adapt continuously in terms of model adjustment and focusing on selling through delivery, capital structure changes, or closing down branches which could not make money to reduce business size and hence reduce costs to survive in the emergency situation.

Our own company has restaurant businesses operating under two brands which are:



'Zaap Classic'

Northeastern and Papaya Salad Restaurant

This is a northeastern restaurant which began from extending the opportunity to consume local Thai food products of S. Khonkaen, adding to our business portfolio from upstream to downstream. Its food types are very popular with both foreigners and Thais. Papaya salad and other different Issan dishes are served there to please city people. Deliciousness is guaranteed with its unique recipes. Excellent quality raw materials are selected, which are clean, safe, and up to standard for every dish.



'Yunnan'

Stewed Pork Leg on Rice and À la carte

This is a restaurant for our premium Stewed Pork Leg with Rice original formula, using only the front pork leg to roast before frying, then boiling until it is just right. We have a stewed pork leg which is not too oily, with tight skin and a sticky texture, boiled in sweet brown sauce with twelve authentic Chinese herbs. Then we fry it to draw out the herbs' fragrance as much as possible before stewing for over four hours and then draining out the oil as the last step. There we get a stewed pork leg through this extra soft formula which is deeply penetrated by rich sweet brown sauce. This is picking a popular street food dish to serve with standard quality for every branch alike, accepted by consumers of all ages.

In 2022, the Company closed down some branches for more efficient management and business survival. At the same time however, branches still operating could make ever increasing money as the pandemic situation was easing off and consumers were getting back to their normal lives. After all, the Company aims to improve each branch's management for growth and higher profit. The thing it still focuses on and places utmost importance on is setting up the standard to be consistent for every branch, from raw material quality to cooking and service. Not only does this benefit the company's branches. It is also an important thing that helps assure the franchisee and the business grow steadily together.

Summary table of restaurant branches – S. Khonkaen Foods:

Restaurant and service type	Branch		
	2020	2021	2022
Zaap Classic			
- Full-service restaurant	13	12	7
- Food truck	4	1	-
- Small booth without dining table	-	-	2
Yunnan			
- Full-service restaurant	13	11	10
- Food truck	1	2	2
- Small booth without dining table	-	-	3
Total	31	26	24

Setting up new work standards to take part in environmental care

Before food is delivered to a customer's hand, many raw materials are wasted along the way because food production procedures from start to finish always produce organic waste. If management is poor, the food waste piles up to become methane and CO₂, eventually causing global warming and climate fluctuation.

In the recent year, the company has started amending many procedures of its restaurants' operations to control and reduce as much resource consumption as possible, from selecting different parts of raw materials so that waste is at the minimum, ordering raw materials only exactly as much as needed for sale, storing products using the First In First Out principle, reducing plastic use by replacing it with biodegradable paper boxes for some dishes, changing food preparation procedures in the kitchen from using a one-time use plastic bag to a container which can be washed and reused, to reducing gasoline use during transport by completely filling up the space in each trip, and also planning efficient transport routes. All of these are for becoming a part of global environmental care and helping with capital management of the restaurants for maximum benefits as well.

Nature of Business

Nature of Business

The Group Structure of The Company

S. Khonkaen Foods Public Company Limited “SORKON”	
Held by S. Khonkaen Foods Public Company Limited	
99.33%	Mahachai Foods Co., Ltd.
100%	S. Pasusat Co., Ltd.
100%	S. Khonkaen Foods (Netherlands) B.V.
99.996%	S. Khehakarn Co., Ltd.
99.96%	Sor. Training Center Co., Ltd.
99.68%	SKK Food Co., Ltd.
51.00%	S. Khonkaen Foods (USA), Inc.
99.998%	S. Khonkaen Holding Co., Ltd.
Held by S. Khonkaen Holding Company Limited	
100%	S. Khonkaen Cuisine (Thailand) Co., Ltd.

Subsidiaries

Currently, The Company holds shares in a total of 9 associated companies as follows:

1. Mahachai Foods Co., Ltd. (“MFOOD”)



Company Registration Number	: 0105532104629
Head Office Address	: No. 259/13 Soi Pridi Banomyong 13 Sukhumvit 71 Rd. (Pridi Banomyong) Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Telephone	: 0 2339 3999
Registered Capital	: Baht 245,000,000 paid in full
Total Shares	: 49,000,000 shares
Percent of shareholding	: 99.33%

Mahachai Foods Co., Ltd. (formerly Mahachai Food Processing Co., Ltd.) runs the business of producing and distributing processed seafood in the forms of chilled, frozen, and ready-to-eat products. It markets and distributes its products through both traditional trade and modern trade. It has also expanded its distribution areas throughout the country through its business alliances and big suppliers within the country. For the export market, it nominated S. Khonkaen Foods PCL. to be the marketer and distributor.

Nature of Business

2. S. Pasusat Co., Ltd. (“SPS”)



Company Registration Number	: 0305537001249
Head Office Address	: No. 44 Moo 2 Phaya Yen Subdistrict Pak Chong District Nakhon Ratchasima 30320
Telephone	: 0 2339 3999
Registered Capital	: Baht 45,000,000 paid in full
Total Shares	: 4,500,000 shares
Percent of shareholding	: 100%

S. Pasusat Co., Ltd. runs the business of Swine Farming for the sale of fattening pigs. It does not sell pig breeds.

3. S. Khonkaen Foods (Netherlands) B.V. (“SKN”)



Company Registration Number	: 58990577
Head Office Address	: Rokin 96 ,1012 KZ Amsterdam , The Netherlands
Telephone	: +31 36 845 0058
Registered Capital	: EUR 100 Baht (4,197) paid in full
Total Shares	: 100 shares
Percent of shareholding	: 100%

S. Khonkaen Foods (Netherlands) B.V. runs the business of distributing The Company's products (by hiring a manufacturer in the Netherlands to do OEM).

4. S. Khehakarn Co., Ltd. (“SKH”)



บริษัท ส. เคหะการ จำกัด
S. KHEHAKARN CO.,LTD.

Company Registration Number	: 0105558045735
Head Office Address	: No. 259/13 Sukhumvit 71 Rd. Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Telephone	: 0 2339 3999
Registered Capital	: Baht 90,000,000 paid in full
Total Shares	: 900,000 shares
Percent of shareholding	: 99.996%

S. Khehakarn Co., Ltd. (formerly 3D Food and Beverage Co., Ltd.) added an objective in running the business. It distributes, leases, and does installment plans on every type of real estate. In 2021 there were no transactions of commodity and service trades.

5. S. Training Center Co., Ltd. (“STC”)



Company Registration Number	: 0105558140592
Head Office Address	: No. 259/13 Soi Pridi Banomyong 13 Sukhumvit 71 Rd. (Pridi Banomyong) Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Telephone	: 0 2339 3999
Registered Capital	: Baht 1,000,000, Shares paid by 50% or Baht 500,000
Total Shares	: 10,000 shares
Percent of shareholding	: 99.96%

Sor. Training Center Co., Ltd. provides training services to its associated companies. There have not been transactions of commodity and service trades since mid-2019.

6. SKK Food Co., Ltd. (“SKK”)



Company Registration Number	: 0105532084679
Head Office Address	: No. 259/13 Soi Pridi Banomyong 13 Sukhumvit 71 Rd. (Pridi Banomyong) Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Telephone	: 0 2339 3999
Registered Capital	: Baht 120,000,000, paid in full
Total Shares	: 24,000,000 shares
Percent of shareholding	: 99.68%

SKK Food Co., Ltd. was the marketer and distributor for processed food products from Mahachai Foods Co., Ltd. and S. Khonkaen Foods PCL. through traditional trade. However, presently, the manufacturers do so by themselves. There have not been transactions of commodity and service trades since mid-2017.

7. S. Khonkaen Foods (USA), Inc.

Company Registration Number	: 88-0872990
Head Office Address	: 251 Little Falls Drive, Wilmington, Delaware 19808, USA
Telephone	: 0 2339 3999
Registered Capital	: 600,000 USD Unpaid Capital
Total Shares	: 600,000 shares
Percent of shareholding	: 51%

In 2022, S. Khonkaen Foods (USA), Inc. was established in the United States of America for carries on the business of distributing Processed Foods cover the United States and neighboring countries by employing manufacturers in the USA to make production (OEM). In 2022 The Company had no production and distribution.

8. S. Khonkaen Holding Co., Ltd. (“S. Khonkaen Holding”)



Company Registration Number	: 0105565192594
Head Office Address	: No. 259/13 Soi Pridi Banomyong 13 Sukhumvit 71 Rd. (Pridi Banomyong) Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Telephone	: 0 2339 3999
Registered Capital	: Baht 1,000,000 paid in full
Total Shares	: 200,000 Shares
Percent of shareholding	: 99.998%

S. Khonkaen Holding Company Limited has established in 2022 for the objective to engage in investing in small size and potential company to expand business of The Company.

9. S. Khonkaen Cuisine (Thailand) Co.,Ltd. (“S. Khonkaen Cuisine (TH)”)



Company Registration Number	: 0105565193710
Head Office Address	: No. 259/17 1st Floor Soi Pridi Banomyong 13 Sukhumvit 71 Rd. (Pridi Banomyong) Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Telephone	: 0 2339 3999
Registered Capital	: Baht 8,000,000 paid in full
Total Shares	: 800,000 Shares
Percent of shareholding	: 100%

S. Khonkaen Cuisine (Thailand) Company Limited ("S.Cuisine (TH)") has established in 2022 for the objective to engage in joint venture with restaurant business in domestic and foreign.

Persons who may have conflicts of interest for holding shares in the subsidiaries or associated companies of more than 10% of The Company's common stocks

- None

Relationships with the business groups of the Major Shareholders

- None

Shareholders

S. Khonkaen Foods PCL., securities abbreviation “SORKON”

- Registered Capital Baht 323.4 million
- Issued and Paid-Up Capital Baht 323.4 million
- Consists of ordinary shares 323.4 million shares
- Par value of 1.00 Baht pershare
- The Company **did not** issue other shares than ordinary shares.

List of Major Shareholders

The ten shareholders as shown in the book of shareholders' registration on December 30, 2022 are as follows:

Order	Name	Number of Shares	Percent
1	Dr. Charoen Rujirasopon	98,981,860	30.61%
2	Mrs. Niramom Rujirasopon	45,403,550	14.04%
3	Mr. Ayuth Charnsethikul	21,250,000	6.57%
4	Mr. Jarunpoj Rujirasopon	14,133,580	4.37%
5	Mr. Jaraspon Rujirasopon	13,850,580	4.28%
6	Mr. Songkiat Rujirasopon	11,212,660	3.47%
7	Ms. Orapan Assamongkol	8,420,880	2.60%
8	Mr. Pawwit Klinpratum	7,000,000	2.16%
9	Mr. Peeranaht Chokwattana	4,693,100	1.45%
10	Mrs. Chatporn Utsanachit	4,003,000	1.24%
	Institutions and General Investors	94,450,790	29.21%
	Total	323,400,000	100.00%

Group of Major Shareholders

As shown in the book of shareholders' registration on December 30, 2022 as follows:

Order	Name	Number of Shares	Percent
1	"Rujirasopon" Family	183,582,230	56.77%
	Dr. Charoen Rujirasopon	98,981,860	30.61%
	Mrs. Niramom Rujirasopon	45,403,550	14.04%
	Mr. Jarunpoj Rujirasopon	14,133,580	4.37%
	Mr. Jaraspon Rujirasopon	13,850,580	4.28%
	Mr. Songkiat Rujirasopon	11,212,660	3.47%
2	"Charnsethikul" Family	21,304,660	6.59%
	Mr. Ayuth Charnsethikul	21,250,000	6.57%
	Mr. Ratthawit Charnsethikul	28,000	0.01%
	Ms. Pitsinee Charnsethikul	26,660	0.01%
	Total	204,886,890	63.35%

Nature of Business

Other Security Issuances

- The Company did not issue any other securities.

Dividend Payments

Dividends Payment Policy

1. S. Khonkaen Foods PCL.

The rate is not lower than 50% of the net profit of the separate financial statement after the income tax payment unless there is a special situation.

2. All Nine Subsidiaries

It is considered from the turnover and financial fluidity of each company.

Dividend Retro-Payment

S. Khonkaen Foods PCL. "SORKON"	Measurement	Year				
		2018	2019	2020	2021	2022 ¹
Number of shares ²	Million Share	32.34	32.34	323.40	323.40	323.40
Net Profit (Separate Financial Statement)	Baht/Share	4.20	2.70	0.79	0.22	0.13
Dividend	Baht/Share	2.50	2.00	0.20	0.15	0.10
Dividend Payout Ratio ³	%	59.5	74.1	25.4	67.1	77.3

Remarks

1. Dividend Issuance from The Company is not certain because approval from the ordinary annual 2022 Shareholders Meeting is needed.
2. The ordinary shareholders meeting in 2020 made the decision to change the value per share. Baht 10 per share was changed to Baht 1 per share. This resulted in an increase of the number of common registered paid-up shares to 323.40 million shares.
3. Dividend payout ratio is calculated with the dividend per net profit according to the separate financial statement.

Factory and Production Capacity**S. Khonkaen Foods PCL. has three factories as follows:**

Factory	Address	Products	Production Capacity (ton/year)	Rate of Production Capacity Use (%)
Bangplee Factory	No. 44/4 Moo 13 Pracharat Uthit Rd. Racha Thewa Subdistrict Bangplee District Samut Prakan	Thai native food products, fresh and dried, such as fermented sausages, Vietnamese sausages, Thai sausages, crispy pork, pork balls, etc	9,900	71
Nakhon Pathom Factory	No. 114 Moo 8 Phai Lin Chang Rd. Bor Phlb, Mueang Nakhon Pathom	Thai native dried food products, such as Chinese sausages and shredded pork, etc.	800	58
Mahachai Factory	No. 39/61 Moo 2 Rama II Rd. Samut Sakhon Industrial Estate Bang Krajae Subdistrict, Muang Samut Sakhon District, Samut Sakhon	Frozen food products	2,700	74

Mahachai Foods Co., Ltd. has one manufacturing factory as follows:

Factory	Address	Products	Production Capacity (ton/year)	Rate of Production Capacity Use (%)
Mahachai Factory	No. 71/11 Moo 6 Tha Sai Subdistrict Muang Samut Sakhon District Samut Sakhon	Processed seafood	15,000	76

S. Pasusat Co., Ltd. has one swine farm as follows:

Farm	Address	Products	Production Capacity (pig)	Rate of Production Capacity Use (%)
S. Pasusat Farm	No. 44 Moo 2 Phaya Yen Subdistrict Pak Chong District Nakhon Ratchasima	Breeding fattening pigs. for sales but not sale breeder pigs.	2,000 breeders	98

Asset used in Business**1. Land (Ownership of The Company and its subsidiaries)**

		on December 31, 2022	
List of Assets	Ownership	Book Value (million THB)	Guarantee Obligations with Financial Institutions (million THB)
<u>1. Land Used for Business</u>			
1.1 A plot of land – 81 square wa Kwang Prakanong Nua, Bangkok, head office location	The Company	26	97
1.2 A plot of land – 6 rai 3 ngan 34 square wa Bangplee District, Samut Prakan, office and factory location	The Company	136	230
1.3 3 plots of land – 4 rai 3 nang 34 square wa Muang District Samut Sakhon, office and factory location	The Company	41	101
1.4 16 plots of land – 4 rai 78 square wa Bangplee District, Samut Prakan, 14-storey office building location	The Company	237	370
1.5 10 plots of land – 33 rai 3 nang 99.1 4 rai 3 nang 34 square wa Muang District, Samut Sakhon, office and factory location	MFOOD	106	-
1.6 A plot of LMT.5 (local maintenance tax) land – 90 square wa, Pak Chong District Nakhon Ratchasima, location of water supply in the swine farm	SPS	0.5	-
<u>2. Land to be developed</u>			
2.1 17 plots of land – 312 rai 2 ngan 77.8 square wa Kaeng Khoi District, Saraburi Province	The Company	42	97
2.22 9 plots of land – 159 rai 2 nang 68 square wa Kaeng Khoi District, Saraburi Province	The Company	33	-
2.3 24 plots of land – 269 rai 1 ngan 48 square wa Kaeng Khoi District, Saraburi Province	MFOOD	52	170
2.4 A plot of land – 39 rai 1 ngan 3.1 square wa Kaeng Khoi District, Saraburi Province	SKH	80	-
2.5 A plot of land – 2 rai 1ngan 56 square wa Kaeng Khoi District, Saraburi Province	MFOOD	0.5	-
2.6 45 plots of land – 549 rai 3 ngan 30 square wa Kaeng Khoi District, Saraburi Province	SKK	142	-
2.7 5 plots of land – 31 rai 1 ngan 33.3 square wa in Mueang Ratchaburi District Ratchaburi Province	SKK	14	265
** Guaranteeing the financial limit for S. Khonkaen Foods PCL.			

2. Buildings

List of Assets	Ownership	On December 31, 2022	
		Book Value (million THB)	Guarantee Obligations with Financial Institutions (million THB)
1. Piboonwet Building 1 (No. 259/13) located in Prakhonong Nua Subdistrict, Bangkok, as the head office	The Company	-	97
2. Bangplee Building located in Bangplee District, Samut Prakan, as an office and processed food manufacturing factory	The Company	65	230
3. Restaurant Building located in Bangplee District, Samut Prakan, for leasing as a restaurant	The Company	2	230
4. Frozen Food Manufacturing Factory Building located in Mueang Samut Sakhon District Samut Sakhon Province	The Company	21	101
5. Building Improvements in Nakhon Pathom	The Company	2	-
6. Restaurant Building Renovation Part “Zaap Classic” and “Yunnan”	The Company	8	-
7. 14-Storey Office Building located in Bangplee District Samut Prakan, as an office and open for rent as an office	The Company	129	370
8. Building located in Muang Samut Sakhon District, Samut Sakhon, as an office and Mahachai Foods Factory	MFOOD	140	-
9. Office Building located in Bang Na Subdistrict, Bangkok, as the sales office	MFOOD	10	-
10. Building located in Pak Chong, Nakhon Ratchasima, as the swine farm, consisting of 36 greenhouses and an animal food factory	SPS	102	-

3. Machines and Appliances

List of Assets	Ownership	On December 31, 2022	
		Book Value (million THB)	Guarantee Obligations with Financial Institutions (million THB)
1. Machines and Appliances Used in 3 factories to manufacture processed food	The Company	77	124
2. Machine and Appliances Used in factories to manufacture processed seafood	MFOOD	137	213
3. Machine and Appliances Used in the swine farm	SPS	0.1	-

4. Land and/or Building Lease Agreement (Not in the ownership of The Company and its subsidiaries)

Types/Asset Characteristics	Tenant	Period of Time	Rent (THB)
1. Office and Factory Lease Duration 3 years in Muang Nakhon Pathom District Nakhon Pathom Province	The Company	January 1, 2022 – December 31, 2024	121,000 /month
2. Land Lease with Building Duration 15 years located in Bangplee Samut Prakan Province	The Company	July 1, 2021 – June 30, 2022 July 1, 2022 – June 30, 2023 July 1, 2023 – June 30, 2024 July 1, 2024 – June 30, 2025 July 1, 2025 – June 30, 2026 July 1, 2026 – June 30, 2027 July 1, 2027 – June 30, 2028 July 1, 2028 – June 30, 2029 July 1, 2029 – June 30, 2030 July 1, 2030 – June 30, 2031 July 1, 2031 – June 30, 2032 July 1, 2032 – June 30, 2033 July 1, 2033 – June 30, 2034	487,250 /month 513,500 /month 539,750 /month 566,000 /month 592,250 /month 618,500 /month 644,750 /month 671,000 /month 697,250 /month 723,500 /month 749,750 /month 776,000 /month 802,250 /month
3. Land Lease of 82 square wa Duration 2 years located in Phrakanong Nuea Bangkok	The Company	August 1, 2020 – July 31, 2022 August 1, 2022 – July 31, 2024	24,500 /month 24,500 /month
4. Land Lease of 395 rai 1 ngan 8 square wa Duration 1 year 3 months Once the lease's duration is complete, the landlord agrees to let the tenant rent the land for one more year. Located in Pak Chong District, Nakhon Ratchasima	SPS	October 1, 2021 – December 31, 2022	726,309 / ไร่
5. Sublease and Registration for Part of the Land's Right to Rent, 2 rai Duration 16 years located in Muang Samut Sakhon District Samut Sakhon Province	MFOOD	January 1, 2019 – December 31, 2024 January 1, 2025 – December 31, 2029 January 1, 2030 – December 31, 2034	55,000 /month 65,000 /month 75,000 /month
6. Lease of Piboonwet Building 2 (No. 259/17) Duration 1 year 5 months located in Phra Khanong Nuea Subdistrict Bangkok	MFOOD	November 1, 2021 – March 31, 2023	43,000 / month

Product Sourcing

1. Processed Food from Pork

The Company places importance on quality raw material sourcing from both domestic and foreign sources of production. Most are domestically produced raw materials. For the selection of distributors, The Company specifies a strict process of checking and selecting both in terms of quality before trade and the recruitment process. For recruitment of distributors, The Company picks the distributors who are up to standards. Firstly they must be accredited for their quality, which should be in accordance with the law and international standards.

Other than consideration of quality, The Company also places importance on the prices of the products and the raw materials. They are important factors affecting the costs of running the business. Therefore, during procurement there are investigations, price comparisons, recruitment, and development of new business partners or seeking new raw material sources, and preparing the purchasing quantity for each time to be suitable and interesting to the business partners. These are to create competition, increase price negotiation power, and decrease price fluctuations, which will affect the costs of the products.

The Company has prepared raw material trade contracts in different periods, depending on the type of the product and the price tendency in the market. The purpose is to ensure the quality and fair prices of the products and that there is enough supply to cater to the needs. It also reviews the prices of the products and raw materials regularly to see that the prices of the products and raw materials are fair and correspond to the market situation at the moment

2. Processed Seafood

The spread of Covid-19 all over the globe since early 2020 has affected the supply chain of both domestic and foreign products. Other than that, the Thai baht is depreciating, causing the prices of imported raw materials to increase, especially frozen fish, mashed fish (Surimi), seasonings, and other condiments. They are all main raw materials used in the manufacturing process. To manage the manufacturing costs and prevent raw material shortages, not letting the manufacturing come to a halt in case there is supply chain disruption, The Company has the following management measures:

- Planning and following the situation closely. Using past information together with present information to make decisions.
- Continuously seeking new manufacturers and distributors from both within the country and other countries. Treating them as business alliances to form good mutual relationships and supporting each other's businesses in the long run.
- Preparing futures contracts in the season with a lot of yield which is when the price is low, and/or in the period when the Thai baht is strengthening.
- Purchasing in large quantities such as in bulk instead of gallon/barrel to save storage and get cheaper prices.
- Negotiating for manufacturers and distributors to be the ones who store the inventory for The Company free of charge.
- Purchasing directly from the manufacturers. For example, sourcing vegetables from farmers, who are the direct upstream manufacturer. This gets The Company good prices and good quality raw materials and also helps the farmers get paid better than delivering to the middleman.

3. Swine Farm

As The Company has heightened the biosecurity of the farm, it specifies its policy to source breeders and their sperm as follows:

- The Company does not bring outside breeders in (only in Thailand) to produce pigs to be distributed as fattening pigs.
- The Company focuses on producing female breeders to replace within the female breeders group.
- The Company brings in the breeders from Denmark to improve the breeds for better quality.
- The Company brings in the sperm of the breeders from Denmark. The main policy is to completely prevent pathogens from entering the farm.

Awards 2022



Thailand's Best Managed Companies 2022

S. Khonkaen Foods PCL. received Thailand's Best Managed Companies Award for two consecutive years, which is an award given to companies which had the best management in Thailand in 2022 under the food and beverage industry section from Deloitte Thailand. The award is globally accepted and is given to private companies which succeed in management, help to drive the industry, and the country's economy. This emphasized confidence as an expert in the Thai native food industry and as a producer and distributor of Thai food products for both the domestic and the foreign market. The award is also given for the efforts of teams who aim to create better Thai food in order to satisfy the needs from Thai food lovers all around the world.



Right Livelihood Epitome Award 2022

Dr. Charoen Rujirasopon, chairman of S. Khonkaen Foods PCL. and its subsidiaries, was selected as the 'Right Livelihood Epitome of 2022' from the RIGHT LIVELIHOOD FOUNDATION. It is an award given to businessmen who have established their businesses on their own and are accepted by society as people with the right livelihood and who run their businesses accordingly. They shall not see profits as the most important thing. They care for social justice and the happiness of their own and those within their organization. They take into account the consumers' benefits first and they also play an important role in fueling the local, community, and national economy.



Business Heir Award 2022

Mr. Jaraspon Rujirasopon, vice chairman of S. Khonkaen Foods PCL., received the honorable award "Great Business Heir of 2022" from The Federation of Business and Professional Women of Thailand under the Royal Patronage of Her Majesty the Queen. This award demonstrates the importance of originality and creativity, which then leads to innovation creation and sustainable family business advancement. It makes people realize the value of the family and prioritizing the family at the same time as well.

Customer Satisfaction Survey

The Company places importance on customer satisfaction and considers customer satisfaction surveys an important strategy in competition. The Company surveys customer satisfaction regularly every year and uses the results to improve and develop the services of The Company. The evaluation of satisfaction with the services from the customer is done by questionnaire. It evaluates the convenience of contact, transport system, delivery, product quality, complaint handling, and labels/packaging. The satisfaction results are given by distribution channels as follows:

Distribution Channels	2022	2021	2020	2019	2018
1. Domestic	86.94%	91.47%	90.97%	91.90%	86.47%
2. Export	85.10%	88.32%	87.14%	80.93%	77.87%

Risk Management

Risk Management

Policy and Plans for Risk Management

The Company realizes the importance of risk management under internal and external changes which can affect the business. Therefore, it has issued its policy and organizational risk management manual corresponding to ERM (Enterprise Risk Management – Integrated Framework 2004) and Enterprise Risk Management – Integrating with Strategy and Performance 2017. Both are international standard practices for organizational risk management which were created by COSO (The Committee of Sponsoring Organizations of the Treadway Commission). A risk management committee was also established to manage the organizational risk to an acceptable level. This is to reasonably ensure that the company can reach its determined goals.

Organizational Risk Management Policy

1. Risk management is the responsibility of the employees at every level. They must realize the risk in performing their jobs in their departments and the company. They must place importance on the risk management of different parts to be of a suitable and acceptable level.
2. The process of organizational risk management up to the international standards must be arranged. This is so that risk management which may affect the workflow of the company can run smoothly and continuously and in the same direction throughout the organization. The risk management system is to be used as a part of decision-making, strategy planning, work planning, and workflow. It is also to be used to achieve the company's objectives, goals, missions, and strategies the company determined.
3. Care, reports of results, and constant and thorough result follow-ups must be arranged to ensure effective risk management. Amendments should also be done regularly depending on the current situation
4. Five organizational risk management components must be duly arranged. They are namely care and tradition, strategies and objective specifications, work results, verification and revision, and information communication and reports. All of this drives the company to achieve its main objectives and four sections of risk management effectively. The four sections

are namely strategies, operation, finance, and regulation abidance. In any case, the full version of the organizational policy and risk management manual can be studied at <https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>.

Risk Factors of the Company's Business

1. Risk of a Pig Pandemic

From the pandemic of African swine fever: From the start of the year up until now, farmers and swine farm entrepreneurs have been affected by the loss of a large number of pigs dying from ASF. Consumers are also affected by higher pork prices. The company is still advancing its biosecurity system to strictly prevent the pandemic among pigs.

Risk Management

- The Company imposed regulations for the farm staff and visitors to strictly comply with. Staff of each department are instructed to realize the strictness of the imposed measures. Additional constructions have been developed to support disinfection in each step for utmost effectiveness. The aforementioned constructions are:
 - Building staff dormitories for all staff to live within the farm, reducing exposure to outside germs
 - Fencing the farm, separating it from the outside completely
 - Arranging for amenities within the farm, such as a workout area, a coin-operated washing machine, a convenience store for staff
 - Building disease separation rooms before entering the farm, a policy for staff coming from outside to rest in the area the company specified and completely disinfect every one of their personal belongings they are bringing into the farm
 - Build disinfection rooms to disinfect visitors and staff as stated by law. Bodies must be cleansed and outfits need to be changed before entering the farm
 - The pig raising area is separated from the general area. Bahts must be taken, disinfection performed, and outfits and shoes changed to get in and out to work in the said area. One must also avoid bringing unnecessary stuff into the raising area
 - One must ask for permission to get in and out of the farm every time and personal belongings must be checked in every case

2. Risk of Increasing Prices for Raw Materials in the Business of Processed Food from Pork

Since African Swine Fever: Since 2021, the cost of pork has been increasing relentlessly due to ASF. The company has been impacted severely in terms of cost as a result because the main raw material of the company is pork.

Risk Management

From the aforementioned risk factors, the Company has determined a mid-level risk management work plan to handle the situation as follows:

- Reducing the weight in some products to reduce the overall cost
- Increasing the prices by 5-7% on average

From these adjustments of risk management, the company can partially retain its profits.

3. Risk from Reliance on Modern Trade

The standards and quality of the company's products need to be retained at the international level. The company therefore needs to invest in the production process. As a result, on average the cost structure of the company's products is higher than those of its SME counterparts. The sales policy then focuses on through modern trade channels, since most of their customers have high purchasing power and tend to buy fresh, hygienic, and high-standard products. The measures and regulations of these channels are also strict on product selection. However, even if the sales of the company through modern trade channels are growing continuously, it is more than 90% of the total profits. The company therefore is starting to realize the risks from modern trade negotiations, from product delisting to replacement with another product. The aforementioned factors are low-risk because the company completely complies with its partners' regulations for these channels and has always been able to build trust for its partners. However, a suitable plan should be thought out to handle the risk.

Risk Management

- From the aforementioned risk factors, the company has determined its mid-level work plan to manage the risks as follows:
 - Expanding sales channels to other than modern trade by focusing on general trade, which includes local supermarkets, the food service & industry and wet markets, etc.
 - Developing its own sales channels such as quick service restaurants and e-commerce

4. Risk in the Processed Seafood Business

4.1 Risk of Raw Materials Sourcing and their Prices

The main raw materials used in this business are fish, frozen fish, surimi, and vegetables. They are directly influenced by the climate each year. Their prices and amount available may fluctuate on the demand and supply of the produce in the market. The company may then need to source expensive raw materials or may not be able to source enough raw materials for the demand and lose the sales opportunity.

Risk Management

The Company stores the price and produce history of raw materials at different times in order to analyze and forecast the tendency of the quantity and the price. This is for planning the raw material purchasing in advance to correspond to the quantity to produce. For raw materials whose prices or quantities fluctuate in response to the climate, the company plans to buy during a low-price season to stockpile for the future. Other than these, the company has also developed new products in order to utilize substitute raw materials whose quality is equivalent to or better than the main raw materials but at more suitable prices. The company is also relentlessly searching for potential producers, distributors, and new raw materials.

4.2 Risk from the High Competition of the Industry and Imitation

The Company has a lot of direct competitors both large and small. From these, many have lower production and management costs, because their products do not have the same standards. There is price competition as a result, which may affect the sales targets, market share, growth, and the company's performance.

Risk Management

The Company focuses on maintaining its product standards and regularly improves its quality and taste to satisfy the consumer's needs. The company also studies tendencies related to changes in consumer behavior and regularly develops new products for the market to match their needs. This creates a competitive edge over other competitors in the long run.

5. Risk of Labor Shortage

The Company uses industrial labor in every factory and 3 with approximately 1,300 positions. In the past year, there has been a tendency toward labor shortages from the whole situation of labor transfer at the national level. This has been caused by the Covid-19 pandemic which is making a lot of labor move back to their hometowns to take care of themselves and their families. It is also affecting foreign labor by obstructing their travel into Thailand. Not only that, it is affecting the cost of employment which tends to increase from labor market competition.

Risk Management

The Company analyzes the work processes and improves them for effectiveness. Human labor is replaced with machines or different technologies where it is possible. The employment approaches of some work processes are changed from labor employment to piecework contracts, which attracts employees to stay with the organization due to higher pay per capita.

6. Risk of Corruption

The company runs the businesses of manufacturing and distributing processed food both domestically and internationally. Its manufacturing factories are located in Samut Prakarn, Nakhon Pathom, and Samut Sakhon Provinces. It also has a Quick Service Restaurant (QSR) business, so it has to communicate with the governmental entities both domestically and internationally. This may cause the risk of corruption such as facilitation payments or money collection by governmental officers in case the company needs to coordinate with them, etc. There may be risks of cash or asset corruption, procurement corruption, salary or wage corruption with foreign labor, expenditure corruption, and information corruption.

Risk Management

The Company reviews its anti-corruption policy to correspond to good practice. It reviews its risk information and measures for risk management in terms of corruption in the organization to correspond to the ever changing organizational context each year. Other than that, it checks the effectiveness of its risk management process. It checks compliance with its anti-corruption policy and measures of anti-corruption risk management in the organization. They should always be complied with as specified.

7. Risk of the Main Shareholder Controlling the Resolution of the Shareholders' Meeting and Having Power to Manage the Company

The Rujirasopon family, which is the main shareholder of the company, holds 56.77 percent of its total issued and paid-up share capital. As a result, this family has the power to manage the company along with appointing someone as a board member of the company. It can also collect the most votes in the referendum of each shareholder's meeting which must receive the most votes out of the total votes of its attending and eligible shareholders.

Risk Management

The Company realizes and focuses on its business operation which runs in accordance with the right business management principles. It does so by considering its shareholders' and stakeholders' maximum benefits, having work ethics, disclosing information transparently, and having the principles of the approval of transactions with related parties. In any case, the Rujirasopon family has no right to vote in a meeting where it is a stakeholder. And to ensure that the work management and operation run in accordance with the right business management principles, as well as being transparent and investigable, the company appointed a third-party entity. This third party is appointed as an independent and investigating committee and corporate governance to manage the business and balance the power. This committee helps to consider and give opinions on the topics to present to the shareholders' meeting. Therefore, the company is certain the shareholders and stakeholders are treated equally and fairly.

8. Risk of Cyber Security

The Company realizes and puts great importance on cyber security, including private information protection of its stakeholders. Presently, digital technology is playing an essential role in driving both the internal and external business. Therefore, the company has arranged a protective plan to increase safety in driving the business, reducing problems, and increasing the confidence of the customer and every related party.

Risk Management

The Company brought in the NIST model to use for improving safety. The current score is 3.03 out of 5 points. It is planned to get to 3.5 points, the average in the international industry, in 2024. The important plan to be executed is to install an anti-attack system in every device, provide an audit log process, and test for attacks in essential systems. It appoints an overt organizational private information protection committee and provides a process to prevent information leakage.

Sustainable Development

Sustainable Development

Policies and Goals of Sustainability Management

S. Khonkaen Foods PCL. always places importance on sustainable growth. It therefore focuses on business development and care for society and the environment throughout the entire value chain at the same time. This corresponds to its vision and mission that it better the lives of every stakeholder sustainably. It acts upon the practice of the UN Global Compact and UN Sustainable Development Goals (SDGs) or Global Goals as follows:



Good Business Management

One must run their business and seek new business opportunities lawfully. The related regulations must cover various types of taxes and duties by the intention and determination to fight against corruption. One must perform with transparency and be available for investigation. While doing so, one must take into account the interests of their stakeholders.



Respect for Human Rights

One must realize the importance of respect for human rights, which is always a fundamental factor in running a business with good governance. Continuous control and management are performed to create equality and to prevent both internal and external human rights violations. This covers the policies of labor and human rights, employment, layoffs, fair performance evaluations, and proper pay and welfare. Employees are educated and trained to develop their capabilities. Safety standards are determined in the workplace. Equality is created and fundamental rights and freedoms are supported for various types and sensitivities of employees from genders, races, religions, and disabilities.



Animal Welfare

The mindset to support animal welfare is ingrained into the company's personnel, so that animals are raised appropriately. Animal raising processes are developed under the four principles of animal welfare care, namely 1. Getting sufficient nutrients and water 2. Living comfortably within the appropriate environment 3. Healthy and not injured 4. Raised well so the pigs are happy. The method of freestyle raising along with raising efficacy per area is used. Chemicals are not used to raise the animal. Foods that contain the nutrients that fit each age of the animal are given. Prevention and treatment of injuries and diseases are performed by a veterinarian who monitors the farm if/when they occur. The veterinarian shall regularly check the animal's health and use antibiotics responsibly.



Food Innovation and Technology

The world's population and food demand have a tendency to increase every year, causing the likelihood of world famine. As a food manufacturer, the company has therefore never ignored the need to always develop innovation and technology to deliver quality, clean, safe, nutritious, and appropriately priced food to be reachable for every consumer group. It also develops its manufacturing processes to cause the least amount of wastefulness during the process and reduce unnecessary resource consumption and food waste creation, etc.



Human Resource Management

The company places utmost importance on human resources. Employees are a valuable resource, so it is determined to continuously advance its human resource management. It ingrains its values and the company's identity into every level of its employees. It creates a good and suitable work environment for its employees to work there happily and show their capabilities fully. Training opportunities for new skills and knowledge are organized regularly. Its work assessment system is fair. Pay is always adjusted and welfare is improved in accordance with the current business standards.

Sustainable Development



Fair Procurement

The Company realizes the importance of transparent and fair procurement throughout the supply chain. This is to build sustainability in sourcing products, raw materials, and services for consumers to get quality products and services and also build a good relationship with its partners to grow together sustainably.



Community Development Support

The Company sees the importance of running its business along with developing the community in order to grow sustainably. It also always includes building career and income stability for the people in the community within the vicinity of the establishment. Therefore, it engages in the employment of locals in order to support national economic stability. The company also builds good relationships with the community through the company's activities. And there is also support for projects from different institutions, which brings



Efficient Resource and Environmental Management

The Company encourages every level of its employees and executives to realize the risks and environmental effects from the business operation. These include the resources of water, air, soil, forests, ecosystems, biodiversity, and climate change. The company encourages bringing in modern technology and innovation to develop a management system for the environment, energy, water, and production waste. It is encouraged to have a policy which demands that its production cause the least impact on nature and the environment. A committee of environmental conversation is established to control and determine the plans and goals each year. Waste dumping into nature is reduced. Wastefulness during production is reduced. Alternative energy is used, such as solar energy. And the company undergoes various standardized production assessments, such as ISO, GMP, and HACCP. This is in order to build trust among the stakeholders that the company's products are valuable and environmentally friendly.

Management of the Impact on Stakeholders within the Value Chain of the Business

Stakeholder	Expectation	the Company Response
Supplier/Partner	Fair Treatment	<ul style="list-style-type: none"> Selecting partners fairly Fair Trade Pushing information and technology to further develop the partner's capabilities to deliver valuable and quality products Making payments true to the agreed conditions
Employee/Labor	Fair Treatment	<ul style="list-style-type: none"> Supporting equality of gender, race, religion, and disability Fair payment, welfare, and work performance assessment Strictly conforming with the labor law
Surrounding Community	Surroundings of the Factory/ Coexistence between Community and Factory	<ul style="list-style-type: none"> Factory compliance with environmental law, controlling and checking waste creation out of production Regularly organizing events to help and support the surrounding communities, including local institutions
Distributor	Delivery of Valuable Products and Commercial Support	Presenting valuable products which customers need with appropriate and fair-to-everyone trade conditions, and offering assistance to the distributors properly, so they can run their business continuously and securely
Consumers	Product Value	Aiming to present quality, delicious, and nutritious products in order to satisfy different needs from customers

Adding a Solar Energy Electricity System

to increase the proportion of alternative energy use in the factory

Planning on Installing a Pig Dunk Biogas System

to use as alternative energy in the swine farm within 2023



Planning on Carbon Footprint for Organization (CFO) in the Factory

to be the basis for setting the goal to reduce greenhouse gas emissions to be finished within 2023

Becoming a Smart Office and Smart Building

reducing paper use in the process and developing the online process

Laying 95% of the IT Infrastructure on the Cloud System

to reduce energy use and carbon by over 70% compared to the traditional system

Summary of Work Results on Environmental Sustainability

The manufacturing business of S. Khonkaen PCL focuses on the environmental impact from every process. It therefore determined the policy for safety, occupational health and environments, and environmental practices for sustainable business operation. It is also for flexibility in operation to be ready to adapt to the context of environmental changes.

The company specifies the four topics of environmental practices as follows:

1. Energy Management

The Company realizes the importance of energy use reduction and energy use at maximum efficiency. This starts from selecting machines or electric appliances which are effective, energy-saving, and under the consideration of setting a target to reduce energy consumption from the base year. This also includes creating realization among the stakeholders about energy conservation. The company imposes various measures for sustainable energy management as follows:

1.1 Increasing the proportion of alternative energy use to encourage clean energy and renewable energy use, which are environmentally friendly. The company will carry out three things as follows:

- Plan to install the pig dunk biogas system in 2023 to use as alternative energy at the S. Pasusat swine farm
- Installing and using a solar electricity system at S. Mahachai Food Co., Ltd.
- Plan to install a solar electricity system within 2023 at the Bangplee factory and Mahachai factory
- Seeking new energy-saving machines to replace the old machines

1.2 Energy use for maximum benefits in the office area, determining the policy of energy conservation in the office area for the most efficient use of electricity, such as specifying the time to turn on and off the lighting system, the computers, and the air-conditioning system.

1.3 Oil and fuel management, using diesel for internal transport by truck and using LPG for direct production

processes, forklifts, and steam boilers to save gasoline and fuel. For internal transports, the routes are properly specified to reduce the distance for both trucks and forklifts. And for steam boilers, maintenance is performed for the most efficient operation. Their steam pipes are also checked to prevent leakage, which causes energy waste. New machines and appliances that save energy are continuously sought out to be used in the production processes.

2. Water Management

The Company places importance on water management, because water is used throughout the whole production process of food manufacturing, including washing and steam production. It therefore determined the measures by changing the operation method or using water-saving machines. For example, the bucket washer can replace manual bucket washing, or installing the deaerator boiler can reduce water consumption in production, etc. These are to allow water use with maximum benefits.

3. Garbage and Waste Disposal

The Company places importance on regular garbage and waste management. It relies on the principle of resource efficiency. In any case, the practices related to the business are 3R: Reduce, Reuse, and Recycle, as follows:

3.1 Reduction of waste from the production process:

establishing new methods or using new machines to reduce waste from the production process, making it more efficient.

3.2 Industrial Garbage Management: For industrial garbage from the production process which cannot be reused, the company strictly conforms to waste elimination measures which do not affect the environment. They should also strictly correspond to the regulations and practices from the Department of Industrial Works. At present, industrial garbage elimination professionals are hired to take dangerous and non-dangerous garbage away from the factory to be correctly eliminated according to the standard. And the company is studying other methods to eliminate waste properly to reduce greenhouse gases from elimination by landfill.

3.3 Using Sequencing Batch Reactor (SBR) Wastewater Treatment: Strictly controlling and reporting according

to the standard, and also checking that the wastewater remains at a safe level before releasing it back into the natural water resource.

4. Greenhouse Gas Management and Climate Change

The Company realizes the importance of running the manufacturing business along with supporting the attempt to become a low-carbon society. It therefore is determined to reduce negative impacts which may affect climate change through different activities. It had a plan to assess its Carbon Footprint for Organization (CFO) in 2022 at the Bangplee factory and Mahachai factory to be used as the basis for setting the target for reducing greenhouse gas emissions further in 2023.

Social Sustainability Management

The Company has a policy of social responsibility for the sustainability of future business operation. It encourages every level of its staff and executives to perform transparently and have corporate governance with its stakeholders throughout the business value chain. The purpose is to focus on delivering good and quality products and services according to the anti-corruption policy. Its methods are as follows:

1. Encouraging good business management
2. Respect for human rights and fair human resource management
3. Fair business operation under the anti-corruption policy with the stakeholders
4. Help to develop the surrounding community

The Company has a policy to encourage anti-corruption measures. It therefore has written the practices for different departments to comply with. At any rate, the business may be a risk for corruption. Therefore, for the decision-making and business operation of the company to be considered and treated appropriately and build the stakeholders' confidence, a risk management committee was established. It has the responsibility to assess, analyze, and determine the measures to manage the risk of the business. This is an important part to make the company reach its goal of the correct prevention of corruption of any form. The company realizes the importance of spreading, educating, and developing an understanding with those who have to perform their duties with the company along with its stakeholders. The company has communicated this policy to its board of directors, staff, and both internal and external stakeholders for them to know. It has done so to provide the way for everyone to comply together

in the business for transparency, fairness, and maximum benefits for the company.

The Company realizes the running of its business with transparency, law abidance, and respect for human rights. For compliance with the ethics of international law and human rights principles from everyone on the committee, executives, and staff, they are encouraged to use their rights as constitutionally and lawfully rightful citizens. The employees are offered communication channels to make suggestions and complain about work. The issues from it will be taken into serious account to find solutions for everyone's interest and build a good relationship of working together.

Social Work Report

- Donating for the 'Right Livelihood Foundation', the center of good knowledge and Dharma to reach every occupation. It focuses on the right livelihood to develop the mind to be on the correct way of goodness, beauty, and reality. It also supports the primary economy of Thailand to grow strongly.
- Donation of an automated external defibrillator (AED) for public benefits to the 1st Thai Armed Forces Headquarters
- Supporting the sport day of the Raffles American School Bangkok, which was an act of care for society in the vicinity around S. Tower, which is where the head office is located
- Supporting students, who are becoming the future of the country, to gain skills and knowledge in a co-project with the Faculty of Architecture and Planning, Thammasat University. They arranged a marketing plan contest for the fourth year students. And providing support for the Junior Marketing Association of Thailand (J-MAT) to build marketers of a new generation in the special training project 'Marketing Trainee year 35'
- Providing Mahachai Foods products for the director-general of the Department of Fisheries
- Providing Mahachai Foods products for the participants in a Kathin ceremony at Phanthai Norasing Shrin



Management Discussion and Analysis

Management Discussion and Analysis

Operation Results and Financial Status in the Recent Year

(1) Overview of Previous Operation Results

Income statement	Year					
	2022		2021		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Sales	3,172	98.6	2,766	97.1	2,763	98.9
Revenue from Rental and Services	11	0.3	13	0.5	11	0.4
Other Income	33	1.0	69	2.4	20	0.7
Revenue	3,216	100.0	2,848	100.0	2,794	100.0
Cost of Sales	2,409	74.9	2,050	72.0	2,027	72.6
Cost of Rental and Services	25	0.8	20	0.7	18	0.6
Selling Expenses	326	10.2	242	8.5	269	9.6
Administrative Expenses	309	9.6	331	11.6	312	11.2
Operating Profit	147	4.6	205	7.2	168	6.0
Financial Cost	30	0.9	30	1.1	32	1.2
Tax Expense	19	0.6	32	1.1	25	0.9
Profit after Tax deduction	98	3.0	143	5.0	111	3.9
Profit for Minority Shareholders	-4	-0.1	1	0.0	1	0.0
Profit for Minority Shareholders	101	3.2	142	5.0	110	3.9

Revenue and Revenue from Sales

S. Khonkaen Foods PCL. or “SORKON” and its subsidiaries accrued total revenue of Baht 3,216 million, increasing from 2021 by Baht 368 million or 12.9%. The revenue from sales was Baht 3,172 million, increasing from 2021 by Baht 405 million or 14.6%. The increased revenue from sales of processed food from pork by 189 million Baht, swine farm by Baht 118 million, processed seafood by Baht 78 million, and quick service restaurant by Baht 20 million.

Gross Profit

The gross profit of The Company in 2022 was Baht 764 million, increasing from 2021 by Baht 48 million or 6.7%. This resulted from the gross profit of the swine farm increasing by Baht 111 million and QSR increasing by Baht 5 million. However, the business of processed food from pork’s gross profit decreased by Baht 67 million and processed seafood decreased by Baht 2 million.

The Company’s gross profit in 2022 was 24.1%, decreasing by 1.8% compared to 2021, whose gross profit margin was 25.9. The business of processed food from pork is still the business group which makes the most gross profit, Baht 309 million Baht. The second business group is processed seafood, whose gross profit was Baht 279 million.

Selling and Administrative Expenses

The selling and administrative expenses in 2022 were Baht 309 million compared to 2021, which were Baht 331 million. The decrease was Baht 22 million because in 2021 there were expenses in order to close down many branches of QSR. The closing downs were caused by the Covid-19 situation.

In 2022, the Company was aware of the loss on change in fair value less cost to sale of the biological assets of Baht 15 million.

Financial Expenses

The financial expenses in 2022 were Baht 30 million, which was the same as in 2021. This is because this year the Company managed short-term and long-term loans. This affected the financial costs which did not change from last year, even if during the year the interest rates had been getting higher.

Net Profit

The Company's net profit for the company's shareholders in 2022 was Baht 101 million, 3.2% of total revenue compared to 2021. The gross profit decreased by Baht 41 million, 28.9%. In 2022, the profit rate reduced from 2021 by 2.0. The causes are as follows:

- Realizing the loss on change in Fair value less cost to sale of biological assets
- Realizing the loss from QSR branches closing down

Financial Position

Statement of financial Position	As of					
	December 31, 2022		December 31, 2021		December 31, 2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and Cash Equivalents	187	6.0	103	3.7	161	6.1
Trade Account Receivables	524	16.9	432	15.5	417	15.7
Short-Term Loans to Other Company	11	0.4	0	0.0	0	0.0
Inventories	475	15.3	389	14.0	285	10.7
Other Current Assets	27	0.9	15	0.5	22	0.8
Total Current Assets	1,224	39.5	939	33.7	885	33.3
Non-Current Biological Assets	10	0.3	10	0.4	10	0.4
Property, Plant and Equipment, net	1,082	34.9	1,084	38.9	985	37.1
Investment Properties, net	666	21.5	628	22.6	637	24.0
Right-of-Use Assets	101	3.2	104	3.7	116	4.4
Other Non-Current Assets	16	0.5	20	0.7	22	0.8
Total Assets	3,099	100.0	2,785	100.0	2,655	100.0
Bank Overdrafts and Short-Term Loan	545	17.6	515	18.5	421	15.8
Trade and Other Payables	381	12.3	302	10.8	326	12.3
Current Portion of Long-term Loan	170	5.5	118	4.2	124	4.7

Statement of financial Position	As of					
	December 31, 2022		December 31, 2021		December 31, 2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Other Current Liabilities	66	2.1	32	1.2	38	1.4
Total Current Liabilities	1,163	37.5	967	34.7	909	34.2
Long-Term Liabilities	546	17.6	467	16.8	478	18.0
Provision for Long-Term Employee Benefit	88	2.8	90	3.2	91	3.4
Other Non-Current Liabilities	26	0.8	37	1.3	31	1.2
Total Liabilities	1,823	58.8	1,561	56.0	1,509	56.8
Equity to Owners of the Company	1,278	41.2	1,222	43.9	1,144	43.1
Non - Controlling Interests of the Subsidiaries	-2	-0.1	2	0.1	2	0.1
Total Shareholder's Equity	1,276	41.2	1,224	44.0	1,146	43.2
Total Liabilities and Shareholders' Equity	3,099	100.0	2,785	100.0	2,655	100.0

Assets

On December 31, 2022 the Company had total assets of Baht 3,099 million , increasing from 2021 by Baht 314 million, 11.3%. This is because raw material stockpiling during the end of the year when the prices were decreasing caused an increase in the inventory. The number of debtors increased according to the sales growth during the fourth quarter and cash and cash equivalents increased due to financial preparation to pay the trade payables in early January.

On December 31, 2021 the Company had total assets of Baht 2,785 million, increasing from 2020 by Baht 130 millio, 4.9% due to the increase in the inventories, current biological assets, and property, plants, and equipment.

Liabilities

On December 31, 2022 the Company had total liabilities of Baht 1,823 million, increasing from 2021 by Baht 262 million or 16.8%. This was caused by increasing the long-term loan amount limit to use for work and improving the factory and the swine farm.

On December 31, 2021 the Company had total liabilities of Baht 1,561 million, increasing from 2022 by Baht 52 million or 3.5%, which increased from short-term loans. However, the Company has trade payables, other creditors, and long-term secure loans which are reducing.

Shareholders

On December 31, 2022 the Company had shareholders with a stake of Baht 1,276 million in total, increasing from 2021 by Baht 52 million or 4.2% because the company had a net profit of Baht 98 million. Excess budget from the price evaluation of new land was Baht 6 million. Loss from forecasts according to the actuary was Baht 3 million and the company paid dividends of Baht 49 million.

On December 31, 2021 the Company had shareholders with a stake of Baht 1,224 million in total, increasing from 2020 by Baht 78 million or 6.8%. The company had a net profit in 2022 of Baht 143 million and it paid dividends of Baht 65 million.

Cash Flow

Cash Flow Statement	Year		
	2022	2021	2020
	Million Baht	Million Baht	Million Baht
Cash Flow from Operating Activities (Before Changes in Assets and Liabilities)	299	298	296
Net Cash Flow from Operating Activities	148	139	356
Net Cash Flow used in Investing Activities	(136)	(173)	(130)
Net Cash Flow from (used in) Financial Activities	72	(24)	(218)
Net increase in cash and cash Equivalents (decrease)	84	(58)	8
Cash and Cash Equivalents of the Beginning of the Year	103	161	152
Cash and Cash Equivalents of the End of the Year	187	103	161

In 2022, the Company earned a profit from operation of Baht 299 million before the change in assets and operational liabilities. Compared to 2021, it was found that in 2022 the Company could make more profit than from the previous year by Baht 1 million. When calculated with the change in assets and operational debt, it was found that the net cash flow from operating activities was Baht 148 million. This was an increase from last year by Baht 9 million because the company had trade payables and other creditors, trade receivables and other debtors, and also more inventories from 2021.

Net Cash Flow has been used to invest Baht 136 million. It has been used to invest Baht 137 million in fixed assets. The Company provided Baht 11 million for short-term lending to other companies and received Baht 15 million in cash from selling pig breeds.

Net cash flow from Financial activities was Baht 72 million, which came from being paid back for long-term loan by financial institutions and lease contracts totaling Baht 131 million and Baht 11 million respectively. Interest was paid at Baht 31 million and dividends were paid at Baht 49 million. Other than this, the Company did long-term and short-term loan borrowing with financial institutions totaling Baht 2,663 million and Baht 30 million respectively.

The Company had cash and cash equivalents on December 31, 2022 of Baht 187 million, increasing from 2021 by Baht 84 million or 81.6%.

Liquidity

On December 31, 2022 the ratio of liquidity according to the financial statement equaled 1.1 times, which is close to that in 2021, while the cash cycle equals 69 days, increasing a little compared to 61 days in 2021.

The company did long-term lending and had debts on the lease contracts that remained as follows:

Unit : million Baht

Obligation	Total	Period of Payment		
		within 1 year	over 1-5 years	over 5 years
Principal Repayment	717	171	382	164

On December 31, 2022 the Company had outstanding trade receivables of Baht 524 million, increasing by 21.3% and the average debt collecting period was 55 days, decreasing a little compared to 56 days in 2021. The Company had an inventory worth Baht 475 million, which was finished products and raw materials worth Baht 384 million and biological assets worth Baht 91 million. The ratio of inventory circulation was 5.6 times, decreasing from last year a little because at the end of 2022, the company ran the policy of the pork and chicken management by stockpiling more during a proper period of time.

Financial Ratio Analysis

Financial Ratio	Ended		
	2022	2021	2020
Liquidity Ratio			
Liquidity Ratio (time)	1.1	1.0	1.0
Quick Ratio (time)	0.6	0.6	0.7
Cash Flow Liquidities (time)	0.1	0.1	0.4
Account Receivables Turnover Ratio (time)	6.6	6.5	6.2
Average Debt Collection Period (day)	55.2	56.2	58.6
Finished Product Inventory Turnover (time)	42.8	48.6	50.4
Average Day sales of Finished Products (day)	8.5	7.5	7.2
Inventory Turnover (time)	5.6	6.1	6.6
Average Day sales of Products (day)	65.4	60.0	54.9
Accounts Payable Turnover (time)	7.1	6.6	6.6
Average Payment Period (day)	51.2	55.4	55.6
Cash Cycle (day)	69.4	60.8	57.9
Profitability Ratio			
Gross Profit Margin (%)	23.5%	25.5%	26.3%
Operation Profit Margin (%)	4.6%	7.4%	6.0%
Other Income to Total Income (%)	1.0%	2.4%	0.7%

Management Discussion and Analysis

Financial Ratio	Ended		
	2022	2021	2020
Return to Equity (%)	100.7%	67.9%	212.5%
Net Profit Margin (%)	3.0%	5.0%	4.0%
Return on Equity (%)	7.8%	12.1%	9.9%
Efficiency Ratio			
Return on Assets (%)	3.3%	2.6%	2.1%
Return on Fixed Assets (%)	21.8%	25.5%	23.9%
Total Assets Turnover (time)	1.1	1.0	1.1
Financial Policy Ratio			
Debt to Equity (time)	1.4	1.3	1.3
Interest coverage Ratio (time)	9.3	10.7	8.8
Interest Bearing Debt to EBITDA Ratio (time)	4.4	3.5	3.7
Debt Service Coverage Ratio (time)	0.4	0.5	0.5
Dividend Payout Ratio (%)	34.1%	59.1%	59.1%

Operating Profitability

The net profit margin is 3.0%, a decrease from 2021 when it was 5.0%. Even if the revenue in 2022 increased from the previous year, the cost to sell the products increased from the previous year because of the increasing prices of the main raw materials. The Company also had higher selling and distributing expenses, causing the profit ratio from the work to drop by 2.7% compared to 2021.

The return on equity ratio was 7.8%, a decrease from 2021 when it was 12.1% and the return on equity was 3.3%, an increase from 2021 by 0.7%.

Financial Policy

The debt to equity ratio was 1.4 times, close to that in 2021.

The TIE ratio was 9.3 times, a slight decrease from the previous year which was 10.7 times because the company earned less profit from the operation.

Policy and credit Term

The criteria for granting credits and credit terms to the customers is based on these factors:

- Character of the customer, such as history, personality, behavior, responsibilities, integrity, fame, commerce, punctuality with debt payment, capabilities, experience in business operation
- Capital of the owner by analyzing their financial status, liquidity and D/E Ratio, Current Ratio
- Capacity to manage the work, considered from revenue, expenses, and profit. Other than that, the cash flow of the business needs to be considered.
- Condition of the outside environment, such as competition, the economy, business tendencies, and industry

Customer Classification four groups as follows:

1. Individual Persons can be classified into:
 - 1.1 New customers paying by cash only.
 - 1.2 Old customers with a good debt payment history are granted a maximum credit limit not exceeding two times the average purchase per month and a maximum credit term not exceeding 30 days.
2. Legal Entities or Limited Partnerships are categorized by the authorized capital of the legal entity as follows:
 - 2.1 Authorized capital is lesser than or equal to 1 million Baht: Use the same criteria as an Individual Person
 - 2.2 Authorized capital is lesser than or equal to Baht 5 million: Use the following criteria:
 - 2.2.1 New customers are granted a credit limit of not over Baht 200,000 and a credit term of not less than 45 days
 - 2.2.2 Old customers with a good debt payment history are granted a maximum credit limit not exceeding two times the average purchase per month and a maximum credit term not exceeding 60 days.
 - 2.3 Authorized capital of more than Baht 5 million: Use the following criteria:
 - 2.3.1 General customers use the same criteria as the group with authorized capital less than or equal to Baht 5 million.
 - 2.3.2 Modern Trade customers and middle to large-sized companies which are reliable, financially secure, liquid, and come with a good payment history: The company specifies the credit limit and the credit term as follows:

Credit Term (day)	Credit Limit (THB)
Per customer's criteria	Number of days of the customer's credit term x average purchase/day x 1.2

3. E-Commerce has to be paid by cash only. No credit.
4. Export
 - 4.1 New customers pay by L/C at sight, or (T/T) or D/P without a credit term.
 - 4.2 Old customers pay by L/C, or T/T, or D/A Term within the justification of the management team in compliance with the power of the company.

Dividend Payment

The Company policy of dividend payment, the dividends that are paid each year are no less than 50% of the net profit after income tax deduction (according to the separate financial statement) unless there is a special reason. Regardless, the meeting of the company's board on February 21, 2023 suggested that the dividends from 2023's operation were paid to the shareholders at the rate of Baht 0.10 per share, Baht 32.34 million in total. For this instance, the company's board will suggest approval of the dividend payment at the common shareholders' meeting in 2023, which will be held on April 25, 2023.

Factors or Events Probably Affect the Financial Position or the Operation Significantly in the Future

The factors that affect the operation of the company's business are all external factors that the company cannot control. For example, pandemics affected the overall economy of the country last year, and the volatility of raw material prices, such as pork prices, and the AFS pandemic in swine farms has been affecting the company all along. However, it is expected that in 2023 the economy of the country will tend to get better. Since late 2022, the company has been planning to develop the business to be more diverse by investing in a business method that can respond to the behavior and needs of today's customer even more. It also manages expenses efficiently, which is expected to improve the company's business operation in 2023.

Investor Information

Investor Information

General Information

1. S. Khonkaen Foods PCL

Company Registration Number	: 0107537001811
Head Office Address	: 259/13 Soi Pridi Banomyong 13 Sukhumvit 71 Rd. (Pridi Banomyong) Khwang Phra Khanong Neua Khet Wattana Bangkok 10110
Business Type	: Manufacturing and distributing processed food from meat products
Telephone	: 0 2339 3999
Fax	: 0 2339 3990
Website	: http://www.sorkon.co.th
Registered Capital	: 323,400,000 THB paid in full
Type of Share	: Ordinary Shares 323,400,000 shares
Issuance	: 323,400,000 shares

Investor Relations

Name	: Mr. Komnsit Rattanaachirin
Head Office Address	: 12/555 Sor. Tower Building Moo15 Bangna-Trad Rd. Bang Kaew Subdistrict Bangplee District Samut Prakan Province
Telephone	: 0 2339 3999 Ext. 3291
E-mail	: IR@sorkon.co.th
Website	: http://investor.sorkon.co.th

2. Other reference entities

Securities Registrar

Name	: (TSD) - Thailand Securities Depository Co., Ltd.
Head Office Address	: 93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400
Telephone	: 0 2009 9999

Auditors

Company's Name:	: EY Office Company Limited	
Names of Auditors:	: 1.Ms. Pimjai Manitkachonkit	Registry No. 4521 and/ or
	: 2. Ms. Rotsaporn Detchakom	Registry No. 5659 and/ or
	: 3. Ms. Summana Panpongsanon	Registry No. 5872 and/ or
	: 4. Ms. Orawan Techawattanasirikun	Registry No. 4807

Investor Information

Auditing

- : 1. S. Khonkaen Foods PCL.
- 2. Mahachai Foods Co., Ltd.
- 3. SKK Foods Co., Ltd.
- 4. S. Pasusat Co., Ltd.
- 5. S. Khehakarn Co., Ltd.

Address: : Floor 33 Lake Ratchada Office Complex 193/136 – 137 Ratchadapisek Rd.
Khlong Toei, Khlong Toei, Bangkok 10110

Telephone : 0 2264 9090

Names of Auditors : Ms. Chosuda Jitchawanan Registry No. 12576

Auditing : 1. Sor. Training Center Co., Ltd.
2. S. Khonkaen Holding Co., Ltd.
3. S. Khonkaen Cuisine (Thailand) Co., Ltd.

Head Office Address : 88/12 The City Sathorn-Suksawat Village Soi Suksawat 39 Bang Pheung,
Phra Padang, Samut Prakan 10130

Telephone: : 09 5542 9362

Advisor for taxation law

-None -

Advisor for civil and commercial law

-None -

Persons assigned responsibility

List	Responsibility
1. Ms. Kalvarat Vithitamataya	Company Secretary
2. Mr. Sompark Kiratipongwut	Head of Internal Audits
3. Ms. Nareerat Chatkunakorn	Chief Accounting

Legal Disputes

-None -

ส. ขอนแก่น

หมูแผ่นกรอบ

CRISPY PORK
烤猪肉脆片

เราทำ...เพื่อทุกชีวิตที่กิน
SINCE 1984

ส.

VOTED
superbrands
Thailand's Choice
2014-2017

คุณอาจเจอหมูแผ่นกรอบ 3 อย่าง
ที่ร้านสะดวกซื้อ 7-11

พลังงาน	โปรตีน	ไขมัน	โซเดียม
560 กิโลแคลอรี	63 กรัม	7 กรัม	2,030 มิลลิกรัม
*28%	*97%	*11%	*102%

ไขมันอิ่มตัว
56

กรอบ
หมูแผ่น



Part

2

**Corporate
Governance**



ส.วอนตัน

หมูกรอบ
SHREDDED PORK
脆猪肉丝

จากรุ่น...เพื่อคุณที่ห่วงใย
SINCE 1984

ส

หมูกรอบ
หมูกรอบ

พลังงาน	ไขมัน	โปรตีน	คาร์โบไฮเดรต	โซเดียม
100g	10g	10g	10g	10g
100g	10g	10g	10g	10g
100g	10g	10g	10g	10g
100g	10g	10g	10g	10g

14

Corporate Governance Policies

Corporate Governance Policies

Overview of Corporate Governance Policy and Guidelines.

The Board of Directors of S. Khonkaen Foods Public Company Limited is well aware of the importance and benefit of good corporate governance because it reflects the availability of efficient, transparent and verifiable systems of management and helps build trust and confidence of shareholders, investors, stakeholders and all parties concerned and leads to stability and prosperity. Therefore, it could be said that good corporate governance serves as a tool to increase values and promote sustainable growths of the Company.

The Board of Directors, having an intention to encourage S. Khonkaen Foods Public Company Limited to be a company with good corporate governance and good management, with fairness, transparency and verifiability in the conduct of business, formulated a written policy on good corporate governance so that the directors, executives and all employees would adhere to it as performance guidelines.

The Board of Directors formulated the policy in accordance with “The Principles of Good Corporate Governance for Listed Companies” issued in 2017 by the Stock Exchange of Thailand (SET) in accordance with the Principles of Good Corporate Governance for Listed Companies of 2017, which had been prepared by the Stock Exchange of Thailand. In addition, the Company’s policy was developed in line with the Corporate Governance Report of Thai Listed Companies (CGR) under the corporate governance survey project of Thai listed companies conducted by Thai Institute of Directors Association (IOD), which has been modified to be consistent with the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). Eventually, the company has successfully followed the said policy. In the year 2022, the Company has got the awarded scores of the report on the Corporate Governance Code (CGR) in the excellent level or 5 stars apart from the achieved scores in the excellent level for 2 years continuously in 2019 – 2020 which helps boosting trust and confidence of shareholders, investors, interested persons and all parties concerned leading to progressive stability adding value and support to the Company’s sustainable growth.

The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company (<https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>) under the heading ‘Corporate Governance’. The Company’s corporate governance policy is summarized as follows.-

1 Policy of Practice for the Board of Directors Principles & Guidelines for the Board of Directors

1. Realize the roles and responsibilities of the directors as organization leaders who build sustainable value for the business;
2. Set objectives and main targets of sustainable business;
3. Strengthen an effective Board of Directors;
4. Recruit and develop high-ranking executives and manage personnel;
5. Promote innovations and business operations with responsibility;
6. Make available appropriate systems of risk management and internal control;
7. Maintain creditability in terms of finance and information disclosure;
8. Support participation and communication with shareholders.

Sub-Principles & Guidelines

1. Realizing the roles and responsibilities of the Board of Directors in its position as the corporate leader building the sustainable value to the business

- 1.1 The Company Board understands its roles and realizes responsibilities in its position as the leader who must supervise the corporate to have the good management administration covering.
 - Setting Objectives & Goals
 - Setting strategy, operation policy including allocation of significant resources for achievement of the objectives & goals.
 - Monitoring, evaluating and taking care of the performance report.

- 1.2 In building the sustainable growth to the business, the Company Board has the corporate governance leading to the following minimum results.
 - Competitiveness with good performance taking into account the long-term effects.
 - Business performance with ethics respecting the rights and responsibilities to shareholders and interested persons, benefits to society with the environmental development or reduction of its negative effects.
- 1.3 Adaptability under the change factors, the Company Board has done its duties in supervising every Director and Executive to perform duties with responsibilities, care, honesty and loyalty to the corporate with the justified liability to every shareholder and supervising the operation in accord with the law, objectives and regulations of the Company including the shareholders meeting resolutions by immediate reporting the event of violation or wrongdoing. Besides, there's also protection of Directors for their right performance of duties.
- 1.4 The Company Board of Directors understands the scope of duties and responsibilities of the Company Board and establishes the clear-cut scope of duties and responsibilities assignment to Chief Executive Officer (CEO) and the Management including its monitoring on achievement of such assigned duties performance.
- 1.5 The matters which the Company Board has the supervisory duties for operation
 - Setting the objectives & main goals in business performance
 - Building up the corporate culture adhering to ethics including proto-type self-behavior.
 - Supervising the structure and performance of the Company Board for the efficient achievement of the objectives and main goals of business.
 - Recruiting, developing, fixing remuneration and evaluating CEO's performance.
 - Fixing the remuneration structure attracting personnel performance synchronizing with the Corporate's objectives and main goals.
- 1.6 The matters which the Company Board has duties to jointly perform with the Management.
 - Setting & Review of strategy, goals and annual work action plan.
 - Supervising the sufficiently appropriate risk management and internal control systems.
 - Setting the appropriate operation power and responsibilities of the Management.
 - Setting the frame of resources recruitment, development and budget, e.g. the policy of personnel management administration and information & technology policy.
 - Performance Monitoring & Evaluation.
 - Supervising the disclosure of the reliable financial & non-financial data.
- 1.7 The matters which the Company Board has no performance duties.
 - Managing in compliance with the strategy, policy and work plan already approved by the Company Board.
 - The matters prohibited by the stipulations, e.g. approval of the related party transactions in linking with the Company Directors' interest etc.
- 1.8 The Company Board sets the good corporate governance policy with the steadily regular reviews.

2 Setting the Objectives & Main Goals of Business for Sustainability

- 2.1 The Company Board has set or supervised the objectives & main goals of business to proceed for sustainability of the objectives & goals for building up the value to the business, interested customers and society as a whole.
- 2.2 The Company Board has supervised to ensure that the objectives & goals including strategy in the medium interval and / or annum of the business are in accord with the achievement of objectives & main goals of business by utilization of the safe appropriate innovation and technology.

- 2.3 The Company Board jointly considers and gives approval in setting vision, mission, values, direction and policies of the Company including supervising in setting strategies both in short term and long term to create confidence that the Company has the frame and direction in its operation performance for achievement of the specified business goals and taking into consideration also the issue of probable risk as might occur for the executives' efficient performance with the same understanding in overall organization.
- 2.4 The Company Board supervises to have the operation policy and process by setting up the action plan, annual budget with the appropriate Key Performance Indicator (KPI) including review, monitoring and supervising for the management to operate according to the specified strategy, policies and action plans in continuity with efficiency under the good corporate governance. Besides, there's the report on the performance result by evaluation in comparison with the specified indicator.

3 Strengthening the Effective Board of Directors

- 3.1 The Company Board is responsible in setting and reviewing company board structure regarding the size, composition, proportion of independent directors suitable and necessary in leading the organization to achievement of the specified objectives and goals.
- 3.2 The Company Board has selected the suitable person to be Company Chairman and supervises to create confidence that the composition and performance of the company board support the uses of independent discretion.
- 3.3 The Company Board has supervised the recruitment and selection of directors in apparently transparent processes in acquisition of the qualified company board in accord with the specified composition.
- 3.4 The Company Board has supervised every board director to be responsible in performing duties and allocating sufficient time
- 3.5 The Company Board has supervised to have frame and mechanism in superintending the policies and operation of subsidiary companies and other businesses the Company has significantly invested in the suitable level of each business enterprise including subsidiary companies and other businesses the Company has invested in the same understanding.
- 3.6 The Company Board comprises not less than 5 company board directors or the minimal quantity in accord with the law and the shareholders' meeting resolution and company board directors of not less than half of all company board directors must have residence in the kingdom with the qualifications specified by law and the company rules.
- 3.7 The Company Board comprises executive directors, non-executive directors and independent directors of not less than one third of the whole board of directors but not less than 3 persons and independent directors must have the least qualifications in accord with the guidelines specified by the Securities Commission and the Stock Exchange of Thailand (SET).
- 3.8 The Company Board comprises the knowledgeable and experts in many fields with at least one director expertise in accounting and finance.
- 3.9 Company Board Directors including executive directors, non-executive directors and independent directors must have qualifications without prohibited characteristics coinciding with the laws on public company limited, securities and stock exchange market and other related laws including the guidelines specified by the Stock Exchange of Thailand (SET) and Office of the Securities and Exchange Commission and also without characteristics showing lack of suitability to be trusted in managing public company and must not be operator or take part in the business with the same characteristics and in competition against the company business.
- 3.10 Appointment of the Company Directors is on the specified agenda with the emphasis of transparency and clarity, of which proposal of Company Directors for election must have the profile information of that person and apparently sufficient details for the beneficial recruitment as in such recruitment of Company Directors the Company will pay attention to the competent

persons with experience, good work history and far-reaching vision leadership including virtues, ethics and good attitude toward organization, who are able to devote sufficient time beneficial to the company business operation in the transparent processes creating trust and confidence in shareholders.

- 3.11 The Company Board has specified and disclosed the scopes, roles, duties and responsibilities of the Company Chairman, Chief Executive Officer or Managing Director and Company Secretary as follows :-

1) Chairman of the Board of Directors

- 1.1) Responsible as being leader of the Company Board of Directors in supervising, following up, overseeing the administration of the Executive Committee and operation of subcommittees for achievement of the objectives specified in the work plan.
- 1.2) Supports and promotes the Company Board to fully perform duties in accord with the scope of power, duties and responsibilities including the performance in compliance with the law and good corporate governance guidelines.
- 1.3) Has the role in setting the Meeting Agenda jointly with the Company Board and / or the Chairman of the Executive Committee.
- 1.4) Calls the Company Board Meeting and oversees delivery of meeting invitation letter including various documents for the Company Board's receipt of sufficient data in time.
- 1.5) Acts as Chairman of the Company Board Meeting and the Shareholders' Meeting including controls the meeting to proceed in compliance with the specified regulations and agenda.
- 1.6) Supports and opens the opportunity for Company Directors to freely and equally give comments including controlling the discussion issues and summary of the relevant meeting resolutions.
- 1.7) Castor of the decisive vote in the event of casting votes in the company board meeting and both sides have the equally same scores.
- 1.8) Oversees the efficient communication between the Company Board and Shareholders.
- 1.9) Performs the duties of the Company Board Chairman according to the specified law.

2) Chief Executive Officer or Managing Director

- 2.1) Manages the company business in accord with the objectives, rules, policies, regulations, stipulations, orders and resolutions of the Company Board Meetings or the Shareholders' Meetings.
- 2.2) Efficiently and effectively proceeds or performs work in compliance with the policies, work plans, budget approved by the Company Board.
- 2.3) Proceeds to prepare and deliver the company business policies including work plans and budget to the Company Board for approval and regularly reports the progress of the approved work plans and budget to the Company Board.
- 2.4) Command, contact, order, operate including entering into the legal act, contract, ordering document, written notice or any document used for contacting with agency or other persons for the efficiently effective achievement of the Company's business.
- 2.5) Command the employees and workers including appointment, removal, promotion, salary or wage cutting, disciplinary penalty including dismissal from position according to the regulations, stipulations or orders specified by the Company or Company Board.
- 2.6) Authorized to assign power range or assign other person to perform specific task in its place by assigning power range or such assignment done under the scope of authority according to the authorization letter or in accord with the regulations, stipulations or orders specified by the Company or Company Board.
- 2.7) As the leader behaving as an example in accord with the business code of ethics of the Company.

3) Company Secretary

- 3.1) Supports the Company Board Chairman in preparation for meetings and conducting the Company Board Meetings.
- 3.2) Follows-up the change of rules, laws and development of the good corporate governance including informing the Company Board for acknowledgement.
- 3.3) Supports the Company Directors in realizing the interested persons and taking responsibilities in decision making in various matters relating to the society.
- 3.4) As agent in proposing comments to the Company Board and Board Chairman.
- 3.5) As the contact center and gives counsel to the Company Directors in the matters relating to the Company.
- 3.6) Oversees the Company to follow the data disclosing criteria in the Annual Report.
- 3.7) Oversees the Company to follow the rules of the Stock Exchange of Thailand (SET) including acting as the contactor with the regulators.
- 3.8) As the center in contacting with the investors especially in the matters relating to the regulations.
- 3.9) Prepares data for the new Directors including explanation of the rules, duties and responsibilities of the Company Directors.
- 3.10) Supports the Company Directors in realizing the responsibilities in disclosing Company's data for not disclosing data leading the market wrongly.
- 3.11) As keeper of documents specified by the law.
- 3.12) Prepares for the Ordinary Shareholders' Meetings.
- 3.12) Revealing history of every Company Director to the public in the annual data disclosure form (Form 56-1) of the Annual Report (Form 56-2) and in the Company's website.
- 3.13) The Company Board has overseen to ensure that the operation of the Company Board has been proceeding in good order accessible to the necessary data with the qualified and experienced Company Secretary suitable for promoting the Company Board's operation by appointing the Company Secretary according to the law on the Securities and Stock Exchange in performing the duties of preparing and keeping documents and other activities specified by the Capital Market Supervisory Board and assisting various activities of the Company and Company Board, i.e. the Board Meetings and Shareholders' Meetings including giving suggestion to Company Directors and Company in conduct and business performance in accord with the law and related regulations regularly and also overseeing Company Directors and Company to disclose data information correctly, completely and transparently.
- 3.14) Non-executive Board of Directors and Independent Directors have their own meetings as deemed necessary at least twice a year for discussing various problems relating to the management of interested affairs without participation of the Management and inform the meeting results to the Chairman of the Executive Board.
- 3.15) The Company Board has supervised and overseen each Company Director to have the knowledge and understanding of the role, duties, business performance characteristics and the laws relating to the business performance including giving support to every Company Director to strengthen skill and knowledge for performing Director's duties regularly. Besides, the new Company Directors will receive an orientation on the Company business performance knowledge.
- 3.16) Company Directors attend training course of the Thai Institute Directors Association (IOD) relating to the Company Directors for at least one course, i.e. Director Accreditation Program (DAP) or Director Certification Program (DCP) or equivalent for increasing skills in performances.
- 3.17) In proposing the Company Board's remuneration to the shareholders' approval, the Company Board has considered the structure and attractive remuneration suitable with the responsibilities for the Board to lead organization to operate in accord with both the short-term and long-term goals.
- 3.18) Each Company Director will be in position of Director of the listed company in Stock Exchange not more than 5 companies.

- 3.19 Approval Authority of the Board, the Company Board is empowered to give approval according to the objectives relating to the Company's business, Articles of Association and as assigned by the Company's shareholders.

4. Recruitment & Development of Chief Executives and Personnel Management

- 4.1 The Company Board has operated to ensure that there's recruitment and development of the Chief Executive Officer (CEO) and Executives to be well equipped with knowledge, skills, experiences and attributes necessary for driving organization to the specified goals.
- 4.2 The Company Board has supervised in setting the suitable remuneration and structure and evaluation of the Chief Executive Officer and Executives by arranging the work evaluation at least once a year.
- 4.3 The Company Board realizes the structure and relations of the shareholders as may have effects on the business administration and operation.
- 4.4 The Company Board has monitored the management and development of personnel for the appropriate number, knowledge, skills, experiences and incentives.
- 4.5 The Company Board supervises and oversees to have the work succession plan of the Chief Executive Officer and Executives by having the annual review every year.

5. Promotes innovation and business performance with responsibilities

- 5.1 The Company Board focuses on and supports the business value added innovation for the benefits of customers and related persons with social and environmental responsibilities.
- 5.2 The Company Board has monitored the management's business performance with social and environmental responsibilities and reflecting in the operation plan to ensure that all departments of the organization have been operating in accord with the objectives, main goals and strategic plans of the business.
- 5.3 The Company Board has overseen the management to allocate and manage resources efficiently and effectively by taking into account the effects and value chain of resources development for the sustainable achievement of objectives and main goals.
- 5.4 The Company Board has provided the regulatory framework and management of organization level technology information corresponding to the business requirements including overseeing the usage of technology information in increasing the business opportunity and operational development.
- 5.5 The Board of Directors realizes and recognizes the rights of stakeholders as prescribed by the laws, respect for human rights, fair treatment of labor, and the importance of communities, social, and environment. With respect to this awareness, the Board supports collaboration between the Company and stakeholders, including related persons throughout the supply chain, in creation of prosperity, jobs, and sustainably strong financial position of the Company and promotes sustainable joint development in economic, social and environmental terms. The Board of Directors believes that the rights of stakeholders are righteously protected and treated.
- 5.6 The Board of Directors takes into consideration employee welfare. The employees are provided with appropriate remuneration, training for higher potential, pleasant work environment, safety standards, disciplines at work, and thorough caretaking.
- 5.7 In building competitive advantage and making profits to the Company, the Board of Directors takes into consideration benefits received and delivered to the stakeholders. The Board of Directors established a policy to treat every group of stakeholders in respect of the stakeholders' rights under the laws or any agreements with the Company and to refrain from any actions that could violate their rights. The Company has channels to receive clues or complaints in the event a stakeholder has sustained injury by an infringement of his/her rights. In this regard, there is a measure to compensate appropriately in accordance with the rights the stakeholder ought to have under the pertinent laws and there is also a process to consider and remedy defects or impacts that have arisen and to find guidelines for preventing a recurrence of the relevant incident.

5.7.1) Roles toward Shareholders

The executives and employees shall perform their duties honestly, transparently and for the benefits of the Company and the shareholders. Management shall be done carefully and prudently to prevent loss to shareholders. They shall refrain from exploiting any undisclosed information of the Company, pursuing anything in a manner that possibly cause a conflict of interest with the Company, and revealing confidential information of the Company to outsiders.

5.7.2) Roles toward Employees

The Company discerns the importance of employees who are regarded as valuable resources. Therefore, it treats all employees fairly and equally on the basis of human rights. There is no discrimination against colors, race, gender and religion. No child labor or illegal labor is used. It has the policy to manage wages and remuneration with adherence to equity and suitability for the job description, responsibilities and capability of each employee and such wages and remuneration are comparable to ones of companies in the same industry. It also has the policy to develop and improve the knowledge and ability of employees continuously for progress in their career. In addition, the Company has formulated a policy to take care of its working environment for safety to life and property of its employees in accordance with the laws and universal standards. Knowledge and training on safety and working environments are provided continuously to employees and individuals concerned.

5.7.3) Roles toward Customers

The Company insists on development of better goods and services constantly. The customers shall be provided with the right, adequate, and up-to-date information about the products and services without exaggeration, which could cause misunderstanding to the customers about quality, quantity, or any conditions of goods or services. Product pricing is properly set not to take advantage of consumers in compliance with the consumer protection laws. The Company attaches importance to quality control for delivery of quality products and services and complies in a transparent and equitable manner with contracts, agreements or conditions it has towards customers. It has made available systems or channels of communication so that customers may complain about the quality of products and services or their dissatisfaction and that the Company is able to satisfy the customers' needs promptly and maintain good and sustainable relationships with them. Also, it has cognizance of, is concerned about, pays attention to, and is responsible for customers in the case where they have suffered health or safety impacts that might result from the use of products / services of the Company.

5.7.4) Roles toward Business Partners and/or Creditors

The Company has determined clear, transparent and fair procedures for recruiting, selecting and assessing business partners, taking into consideration the maximum benefit to the Company, and shall treat its business partners and/or creditors on a fair and equal basis from which both parties receive mutual benefits. The Company shall adhere strictly to contracts or any terms and conditions as agreed. Should the Company is not able to follow any of the conditions, the business partners and/or creditors shall be promptly informed in advance to collaboratively resolve the issue.

5.7.5) Roles toward Trade Competitors

The Company shall conform to the rules of fair business competition. It shall refrain from dishonest or improper seeking for trade secrets of trade competitors, for example, bribery paid to employees of the competitors, and from ruining reputation of trade competitors by allegations against them. Also, it shall not do any acts which infringe intellectual property and copyrighted works of other persons or business partners.

5.7.6) Roles toward Society, Community and Environment

The Company takes into consideration its role and responsibility to the society, community and environment in operating business. The Company constantly advocates activities for the benefits of community and society as a whole. It strictly complies with the concerning laws and regulations with care and accountability for the possible impact arising from the products, services, or operations of the Company. It has cognizance of, is concerned about and pays attention to safety and quality of life of communities and society. It responds quickly and efficiently to events producing impacts on communities, society and the environment as a result of the conduct of activities of the Company by cooperating fully with government units and agencies concerned, participating in social responsibility regarding public interests, environment conservation, good interaction and community development. It does not support any activity that is harmful to society, communities, the environment or good morals. It supports and promotes activities that maintain decent customs, traditions and cultures, and it also campaigns for and cultivates consciousness and voluntary mind among employees so that they are responsible for society, communities and the environment, conserve resources and energies and use them efficiently and do not perform any acts that would produce harmful impacts on natural resources and the environment. This is to build society for ones to live happily together, develop virtues and ethics and maintain decent cultures with respect to the working environment and atmosphere in both the factories and the office. The Company has made available places which are clean, orderly and healthy according to international standards. Standard environmental values are measured regularly at the time specified. Employees' habits are promoted and made in order that they have experience in doing activities for their awareness of and participation in the care, improvement and maintenance of the environment so that it is in an appropriate condition at all times. In addition, the Company will disclose the implementation of its policies as appropriate by preparing a social responsibility report for inclusion in its annual report and/or for presentation on its website.

5.7.7) Roles toward the Public Sector

The Company abides by pertinent laws, criteria, regulations and rules. It has good attitudes towards and has trust in government agencies, and it cooperates in being a good citizen and pays taxes correctly.

6. Ensures there's appropriate systems of risk management and internal control

- 6.1 The Company Board supervises the Company to have the reliable system of accounting, financial reporting and auditing including the system of risk management, internal control in the operation, financial reports and performances in compliance with the rules, regulations and policies and also the efficient system of internal audit and anti-corruption measure in continual operation by providing the internal audit agency being independent in performing duties to be responsible for monitoring the said system and to review the important system at least once a year including the data disclosure in the annual report.
- 6.2 The Company Board supervises the issue of risk management and assists to identify the major risks of the business by performing duty in overseeing the executives to have the efficient system or process in risk management including the sufficiently appropriate comprehensive guidelines and measures on risk management with regular monitoring.
- 6.3 The Company Board monitors and manages the conflict of interests that might happen between the company and the management, the company board of directors or shareholders including the prevention of improper use in company's property, data and opportunity and business transactions with the persons having relationship with company in unreasonable manner with a focus on making

the most of benefits for shareholders and stakeholders as a whole by requiring those involved or related to the items considered to inform the company of the relationship or their connection in the said items and must not be present at the hearing including having no power to approve such transactions. The Audit and Corporate Governance Committee will present to the Company Board regarding the related parties transactions and the transactions with conflict of interests which have been carefully considered the suitability and followed the rules specified by the stock market as well as will be disclosed in the annual data transactions form (Form 56-1) and also the annual report.

- 6.4 The Board of Directors has set a policy and a guideline for anti-corruption and prohibits the directors, executives, and employees of the Company (including subsidiaries, associates, other controlled companies, business partners, and any person deemed to be an intermediary or agent of the Company) from execution, acceptance, or support for any forms of corruption both directly and indirectly, and it has communicated such policy and guideline to all levels of the organization and publicized the practices.
- 6.5) The Board of Directors arranged for a measure to notify clues or file grievances about illegal or unethical actions, behaviors that is inclined to corruption or misconduct of persons in the organization including employees and other stakeholders, misleading financial statements, or deficiencies of the internal control system. Mechanisms were developed to safeguard the whistleblower to urge the participatory actions of stakeholders in monitoring the Company's benefits more effectively.

Channels for notifying clues or filing grievances.

- o **Email address** whistleblow@sorkon.co.th
- o **Postal address** The Chairman of Audit and Corporate Governance Committee
S. Khonkaen Foods Public Company Limited
259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road,
North Prakanong Sub-district, Vadhana Disgrict, Bangkok 10110
- o **Letter to be put in a comment box.**

7. Ensures Disclosure and Financial Integrity

- 7.1 The Company Board is responsible for the consolidated financial statements of the company and subsidiary companies. The said financial statements are prepared according to the accounting standards certified and audited by the certified public accountant. The disclosure of important information of both financial and non-financial data is made on the basis of complete and consistent facts. The Company Board has appointed the Audit & Corporate Governance Committee to be responsible for reviewing financial reports by having the Director of Office of Accounting & Finance present the financial reports of every quarter to the Company Board.
- 7.2 The Company Board is committed in providing information equally to shareholders, financial institutes, securities companies, investors including those who want to use the financial information and the general public by focusing on the open communication, complete and accurate, on time and regularly without discrimination in the information of either positive or negative but the Company still realizes the need in keeping business secret about important business information and operational strategy. This policy will correspond to the guidelines and requirements on information disclosure of the Stock Exchange of Thailand (SET) and Office of the Securities & Stock Exchange Commission.
- 7.3 This information disclosure policy covers all methods the Company used in Communication, e.g. annual report and quarterly performance report, news, press release, company's website and verbally in both group meeting and face-to-face meeting or telephone talks with analysts and investors.

- 7.4 The Company Board provides appropriate communication with investors, analysts, persons involved in investment, and shareholders through the Chief Executive Officer or the Company's assigned representatives, i.e., the Chief Financial Officer and the Investor Relations Unit, whose main duties are to communicate in an appropriate, equitable and timely manner with shareholders and stakeholders, such as analysts, investors, and others who want the financial information, operating results, financial position, and any transactions affecting the Company.
- 7.5 The Company Board supervises the information disclosed regularly encompasses the Company's objectives, its financial position and operating results, report of Audit and Corporate Governance Committee Chairman, analysis of shareholding structure, management of risk factors, and the corporate governance policy. The Board of Directors also prepared a complimentary report of discussion attached in the annual report elaborating the key matters difficult to understand and delineating the critical policies of the Company concerning management of operating and financial risks. The Board also provided a record of attendances of the members of the Committee and the Sub-committee compared to the total number of meeting of the Committee and the Sub-committees.
- 7.6 The Company Board supervises to not disclose any significant information that has not yet been publicized to unauthorized employees, a group of people, or anyone else (including investors, press, and analysts) unless that information is open to the public. When there is a need for business purpose to disclose information to related persons, external auditor, underwriter, banks, legal advisor, or other consultants, the Company will take any actions to ensure that these persons commit to keep confidential the information received with due care. Should any undue information is released, the Company will immediately disclose that information to the public. The Company commits to comply with SET's rules about new releases and other regulations or, if necessary, the Company will request SET to suspend the securities trading temporarily. Under specific circumstances, the Company may have to postpone disclosure of information to the public for some business reasons (such as a case when the disclosure is likely to affect business negotiations of the Company) until an appropriate time.
- 7.7 The Company Board supervises the Company established a policy to avoid dissemination of operating results that affects the share prices or that is in favor of someone especially during the time before submission of financial statements to SET, in other words, starting from the ending date of a quarter up until the date on which the Company notifies its operating results officially and completely through the information disclosure channels of SET except for a case where an issue or event causes the Company's operating results to be predicted with so significant discrepancies that the users of information are more likely to misunderstand, in which case the Company will disclose information to SET.
- 7.8 The Company Board supervises the Company to set up an Investor Relations page on the Company's website (www.sorkon.co.th) to be an alternative channel for investors and other people to access the same information as the analysts or the institutional investors do. The Company will put all efforts in keeping the website ready to use and the information up-to date constantly. Even though the format and characteristics of the information uploaded to the website may differ from that previously publicized depending on constraints of the website, the major content will not be significantly different.
- 7.9 The Board of Directors is responsible for seeing to it that the system prepares financial reports and discloses significant information correctly, sufficiently, in time and in accordance with relevant rules, standards and guidelines.
- 7.10 The Board of Directors has monitored the sufficiency of the financial liquidity and ability to repay the debts.
- 7.11 In a state where the business encounters or tends to encounter a financial problem, the Board of Directors has ensured that the organization has a plan to solve the problem or has other mechanisms that will enable it to solve the problem, provided the stakeholders' rights are taken into consideration.

- 7.12 The Board of Directors prepares such information or report on sustainability as appropriate.
- 7.13 The Board of Directors has promoted the application of information technology to the publication of data.
- 7.14 The Company Board provides appropriate communication channels with each group of shareholders with assessment of information disclosure to ensure that the given information is accurate, clear, transparent, reliable and of high standard .
- 7.15 The Company Board oversees to ensure the securities trading is to be suspended for at least one month before the financial statements announcement and for at least 3 days after the financial statements announcement.
- 7.16 The Company Board oversees to report their securities holding, spouse's holding and underage child's holding in the Company and subsidiary companies at the regular Board Meeting consistently and must notify the Company without delay when there are the following cases :
 - 1) Having interest either direct or indirect in any contract entered into by the Company during the accounting period.
 - 2) Holding common debentures or debentures.
- 7.17 The Company Board provides the provisions of Code of Corporate Conduct, Business Ethics, Code of Ethics of Company Directors, Executives and Employees as guidelines of practice in the organization being disclosed in the Company's Annual Report or website.

8. Supporting Participation and Communication with the Shareholders

- 8.1 The Company's Board of Directors supervises the establishment of Shareholders' fundamental rights.
 - 8.1.1 The rights in receiving the share receipt and share transfer and receipt of timely sufficient information and in the format appropriate for decision making with the impact on the Company and the shareholder themselves.
 - 8.1.2 The rights in attending the meeting and casting vote at the Shareholders' Meeting for making decision in the change of the Company's significant policies and inn the shareholders' rights which the Company's Board of Directors need to obtain consent from the Shareholders' Meeting.
 - 8.1.3 The rights in election and withdrawal of the Company's Directors and to give consent to appoint the independent accounts auditor.
 - 8.1.4 The right in profit sharing.
- 8.2 The Company's Board of Directors supervises for the Shareholders to receive the meeting invitation letter and information regarding the place, date, time duly organize by the Company including the meeting agenda accompanied by the Board of Directors' opinions and all other relevant information concerning agenda items for consideration. The invitation of meeting and accompanying notes shall be sent to the shareholders and the registrar at least 7 days prior to the meeting date. publicized in a newspaper for 3 consecutive days at least 3 days in advance of the meeting date and posted on the Company's website in advance of the meeting date.
- 8.3 On the agenda of the dividend payment, the Company' Board of Directors supervises for the Company to disclose the actual amount of dividend payment to be made and supplementary information in comparison with the policy.
- 8.4 On the agenda of election of the Company's Directors, the Company's Board of Directors supervises for the Company to specify names and profiles of whom nominated for directors in the invitation letter and the shareholders are able to elect the Directors individually on basis one shareholder has one vote equivalent to one share for one vote.
- 8.5 On the agenda of appointment of auditors, the Company's Board of Directors supervises to specify the relevant auditors' name, their company, and information enhancing the shareholders' consideration their competence and appropriateness, including the proposed audit fees in the meeting invitation letter.
- 8.6 The Company's Board of Directors supervises for the responsibilities of the Company's Chairman of the Board of Directors, the directors, and managers in charge of Finance or Accounting in attending the shareholders' meeting to answer queries to the shareholders.

- 8.7 The Company's Board of Directors supervises for the Company to inform the shareholders of methods for voting and vote counting before the commencement of the meeting, arrange for persons to verify the vote counting in the shareholders' meeting, and disclose them in the minutes of the shareholders' meeting.
- 8.8 The Company's Board of Directors supervises for the Company to have the record in the minutes of the shareholders' meeting, the names of directors, the chairman of each subcommittee, and the Chief Executive Officers, who attend the shareholders' meeting as well as the resolutions and the affirmative, negative and abstaining votes for each agenda item that requires a resolution of the meeting.
- 8.9 The Company's Board of Directors supervises for the Company provide the shareholders with an opportunity to propose the meeting agenda and / or the names of persons nominated to be directors prior to the meeting date (October – December) and to make inquiries in the meeting. The inquiries and replies shall be recorded in the minutes of the meeting.
- 8.10 After the Shareholders' Meeting, the Company's Board of Directors supervises for the Company to provide facilities for the shareholders accessibility to the information relating to the consideration resolutions and the voting casting results of the meeting.
- 8.11 The Company's Board of Directors supervises for the Company to provide convenient facilities and supports to the shareholders including institutional investors attending the Shareholders' Meeting.
- 8.12 The Company's Board of Directors oversees to ensured that the shareholders have participated in the decisions making of the Company's significant issues.
- 8.13 The Company's Board of Directors has overseen the activity event on the date of the Shareholders' Meeting be conducted transparently and efficiently in good order conducive to the shareholders' capable exercises their rights.
- 8.14 The Company's Board of Directors has overseen for the disclosure of the meeting's resolutions and the preparation of the Shareholders' meeting minutes correctly and competently.
- 8.15 The Company's Board of Directors shall protect the shareholders' rights and treat the shareholders equally on which basis the shareholders have the right to cast vote according to the number of shares they have and have the equality in receiving the sufficiently and timely justified necessary information relating to the Company and the Company showing no bias to the shareholders of any particular group by giving the information that has not yet been disclosed.
- 8.16 The Company's Board of Directors supervises for the Company to provide the shareholders with the rights to attend the meeting and to vote by proxy. They are entitled also to receive documents and instructions for proxy together with the invitation letter of the meeting. Legal proxies who deliver the form of proxy to the directors at the meeting shall hold the right to attend the meeting and to vote as equally in all aspects as the shareholders. The shareholders can alternatively assign proxy to one of the independent directors to attend the meeting and to vote. In this regard, the shareholders hold the rights to receive the complete and appropriate profiles and works of each independent director for their consideration.
- 8.17 At the Shareholders' Meeting the Company's Board of Directors supervises for the Company to give the fair treatment to the shareholders.
- 8.18 The Company's Board of Directors supervises that before initiating a connected transaction that is conditional on approval from the shareholders in accordance with the SET's regulations, the Company has already disclosed the details and rationale for such initiative to the shareholders.
- 8.19 The Company's Board of Directors supervises for the Company to disclose whether inter-related transactions are made fairly at a market value and in the normal business.
- 8.20 The Company's Board of Directors supervises for the Company to establish a policy requiring the directors and high-level management to report the Board of Directors or their assigned persons as regards the buying and selling the shares of their own company, at least one day in advance prior to the transaction date.

The Board of Directors and Sub-committees

The Board of Directors consists of 12 directors, 7 of them are independent directors or more than one-third of the total number of directors, in accordance with the rules determined by SEC. This composition helps create the balance of the voting power in consideration of any matters. In addition, there are 4 committees as follows.

- 1) Audit and Corporate Governance Committee
2. Recruitment and Compensation on Remuneration Committee
3. Risk Management Committee
4. Executive Committee

Board of Directors

Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors considers and gives consent to the critical matters concerning the Company's operations which cover policies, business plans, risks, operation plan, and budget, as well as monitors and supervises the management to implement the Company's determined policies effectively and efficiently.

Term of Office

1. According to the Public Limited Companies Act, B.E.2535 and the Articles of Association of the Company, one-third of the directors shall resign from their positions in each Annual General Meeting of Shareholders. If the number of directors is not exactly a multiple of three, the nearest number of one-third shall resign, in which case the directors who have served the longest term in office shall resign. The resigning directors may be re-elected to the position.
2. When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by section 68 of the Public Limited Companies Act, B.E.1992 to be a substitute director in the Board's meeting although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

Roles and Responsibilities of the Board of Directors-

1. Determine the Company's direction, goals, and business policies.
2. Perform duties with honesty and integrity in accordance with the law, objectives, and articles of association of the Company, as well as the resolutions of the Board of Directors and the resolutions of the shareholders' meeting and be careful to protect the interests of the Company, except in matters that require approval from the shareholders' meeting before proceeding. For example, matters required by law to be resolved by the shareholders' meeting connecting transactions, as well as purchasing or selling important assets in accordance with Thai Stock Exchange regulations.
3. Consider, approve, and review the Company's vision and mission every fiscal year.
4. Examine and approve policies, plans, and budgets, administrative structure, administration, corporate governance policy, and any other items prescribed by the Thai Stock Exchange or required by law.
5. Consider and approve items other than those that the Board of Directors has allowed the Chief Executive Officer to do or items, which required by law, rules, or the Company's regulations and required approval from the Board of Directors or the Company's shareholders' meeting.
6. Establish an internal control system for the Company's operations, financial reporting, and compliance with laws, regulations, policies, and procedures, and charge the internal audit unit with auditing compliance in accordance with the said internal control system and reporting to the audit and corporate governance committee.
7. Appoint the Chief Executive Officers and oversee the Chief Executive Officers' performance in accordance with the Company's corporate governance policy within the scope of the authority delegated by the Board of Directors and evaluate the Chief Executive Officers' performance annually for consideration of the Chief Executive Officers' remuneration.

Corporate Governance Policies

8. Appoint directors to serve as directors in subsidiaries to oversee the operations of the subsidiaries and achieve the objectives of investing in those subsidiaries.
9. Appoint the Audit and Corporate Governance Committee, Executive Director, and various subcommittees, such as the Risk Management Committee, Recruitment and Compensation on Remuneration Committee, and so on, to assist the Board of Directors in achieving the objectives set by the members of the sub-committees, who are mostly independent directors, as is the chairperson of the sub-committees.
10. Supervise management to ensure that policies, plans, and budgets.
11. Provide dependable accounting, financial reporting, and auditing systems, including ensuring an effective internal control system and internal auditing.
12. Supervise the Company to ensure that it has a comprehensive risk management system in place, as well as effective risk management, reporting, and monitoring processes.
13. In the annual report, include a report on the Board of Directors' responsibility for financial report preparation, as well as the auditor's report.
14. Treat shareholders and stakeholders with fairness, including consideration of conflicts of interest, transparency in operations, and adequate disclosure of information.
15. Consider the remuneration of the directors and bring various issues to the shareholders' meeting for discussion.
16. Appoint a company secretary to assist the board and the Company in conducting various activities such as meetings of board, and shareholder's meetings, and providing regular advice to directors and the Company on how to conduct themselves and operate their business in accordance with the relevant laws and regulations.

Independent Directors

Independent directors shall have the following qualifications :

1. Hold the shares of the Company and its subsidiaries, inclusive of shares held by related persons, not larger than 1% of the total outstanding shares with voting rights;
2. Do not take part in management of the Company, affiliated companies, associated companies, companies related to the major shareholders of the Company, and not being an employee, staff, or an advisor who earns a regular salary of the Company, affiliated companies, associated companies, or the major shareholders of the Company;
3. Have neither benefit nor interest directly or indirectly both in financial and operational management of the Company, affiliated companies, associated companies, or the major shareholders of the Company, including during the two-year period prior to appointment to the position unless, subsequent to thorough consideration of the Board of Directors, such earlier beneficial involvement is envisaged to have no effect on performance and independent judgment of the independent directors;
4. Not being related persons or closed relatives of executives or major shareholders of the Company;
5. Are not appointed as representatives of the Company directors, major shareholders of the Company or shareholders who are related to major shareholders of the Company;
6. Can perform the duty, express opinions, or report their performance of duty as delegated from the Board of Directors under no control of executives, or the major shareholders of the Company, including any persons related to or the closed relatives of those persons. When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office and the remaining term of office of the vacant position is more than 2 months, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by the law to be a substitute independent director in the next committee's meeting on condition that the resolution must be derived from not less than three-fourth of the votes of the remaining independent directors although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

2 Policies and Roles toward Shareholders and Stakeholders

Policies and Roles toward Shareholders

1. The Company's Board of Directors supervises the establishment of Shareholders' fundamental rights.
 - 1.1 The rights in receiving the share receipt and share transfer and receipt of timely sufficient information and in the format appropriate for decision making with the impact on the Company and the shareholder themselves.
 - 1.2 The rights in attending the meeting and casting vote at the Shareholders' Meeting for making decision in the change of the Company's significant policies and in the shareholders' rights which the Company's Board of Directors need to obtain consent from the Shareholders' Meeting.
 - 1.3 The rights in election and withdrawal of the Company's Directors and to give consent to appoint the independent accounts auditor.
 - 1.4 The right in profit sharing
2. The Company's Board of Directors supervises for the Shareholders to receive the meeting invitation letter and information regarding the place, date, time duly organize by the Company including the meeting agenda accompanied by the Board of Directors' opinions and all other relevant information concerning agenda items for consideration. The invitation of meeting and accompanying notes shall be sent to the shareholders and the registrar at least 7 days prior to the meeting date. publicized in a newspaper for 3 consecutive days at least 3 days in advance of the meeting date and posted on the Company's website at least one month in advance of the meeting date.
3. On the agenda of the dividend payment, the Company's Board of Directors supervises for the Company to disclose the actual amount of dividend payment to be made and supplementary information in comparison with the policy.
4. On the agenda of election of the Company's Directors, the Company's Board of Directors supervises for the Company to specify names and profiles of whom nominated for directors in the invitation letter and the shareholders are able to elect the Directors individually on basis one shareholder has one vote equivalent to one share for one vote.
5. On the agenda of appointment of auditors, the Company's Board of Directors supervises to specify the relevant auditors' name, their company, and information enhancing the shareholders' consideration their competence and appropriateness, including the proposed audit fees in the meeting invitation letter.
6. The Company's Board of Directors supervises for the responsibilities of the Company's Chairman of the Board of Directors, the directors, and managers in charge of Finance or Accounting in attending the shareholders' meeting to answer queries to the shareholders.
7. The Company's Board of Directors supervises for the Company to inform the shareholders of methods for voting and vote counting before the commencement of the meeting, arrange for persons to verify the vote counting in the shareholders' meeting, and disclose them in the minutes of the shareholders' meeting.
8. The Company's Board of Directors supervises for the Company to have the record in the minutes of the shareholders' meeting, the names of directors, the chairman of each subcommittee, and the Chief Executive Officers, who attend the shareholders' meeting as well as the resolutions and the affirmative, negative and abstaining votes for each agenda item that requires a resolution of the meeting.
9. The Company's Board of Directors supervises for the Company to provide the shareholders with an opportunity to propose the meeting agenda and / or the names of persons nominated to be directors prior to the meeting date (October – December) and to make inquiries in the meeting. The inquiries and replies shall be recorded in the minutes of the meeting.
10. After the Shareholders' Meeting, the Company's Board of Directors supervises for the Company to provide facilities for the shareholders accessibility to the information relating to the consideration resolutions and the voting casting results of the meeting
11. The Company's Board of Directors supervises for the Company to provide convenient facilities and supports to the shareholders including institutional investors attending the Shareholders' Meeting
12. The Company's Board of Directors oversees to ensure that the shareholders have participated in the decisions making of the Company's significant issues.

13. The Company's Board of Directors has overseen the activity event on the date of the Shareholders' Meeting be conducted transparently and efficiently in good order conducive to the shareholders' capable exercises their rights.
14. The Company's Board of Directors has over seen for the disclosure of the meeting 's resolutions and the preparation of the Shareholders' meeting minutes correctly and competently.
15. The Company's Board of Directors shall protect the shareholders' rights and treat the shareholders equally on which basis the shareholders have the right to cast vote according to the number of shares they have and have the equality in receiving the sufficiently and timely justified necessary information relating to the Company and the Company showing no bias to the shareholders of any particular group by giving the information that has not yet been disclosed.
16. The Company's Board of Directors supervises for the Company to provide the shareholders with the rights to attend the meeting and to vote by proxy. They are entitled also to receive documents and instructions for proxy together with the invitation letter of the meeting. Legal proxies who deliver the form of proxy to the directors at the meeting shall hold the right to attend the meeting and to vote as equally in all aspects as the shareholders. The shareholders can alternatively assign proxy to one of the independent directors to attend the meeting and to vote. In this regard, the shareholders hold the rights to receive the complete and appropriate profiles and works of each independent director for their consideration.
17. At the Shareholders' Meeting the Company's Board of Directors supervises for the Company to give the fair treatment to the shareholders.
18. The Company's Board of Directors supervises that before initiating a connected transaction that is conditional on approval from the shareholders in accordance with the SET's regulations, the Company has already disclosed the details and rationale for such initiative to the shareholders.
19. The Company's Board of Directors supervises for the Company to disclose whether inter-related transactions are made fairly at a market value and in the normal business.
20. The Company's Board of Directors supervises for the Company to established a policy requiring the directors and high-level management to report the Board of Directors or their assigned persons as regards the buying and selling the shares of their own company, at least one day in advance prior to the transaction date.

Policies and Roles toward Shareholders

The Board of Directors is aware of the rights of stakeholders as required by law. including respect for human rights principles and fair treatment of workers It also values community, society and the environment, and encourages collaboration between companies and stakeholders across the supply chain to work together to create wealth, create jobs and create wealthy businesses. Stable finances to enable mutual sustainable development in economic, social and environmental aspects. The committee confirmed that the rights of stakeholders are protected and treated well.

In building competitive advantage and making profits to the Company, the Board of Directors takes into consideration benefits received and delivered to the stakeholders. The Board of Directors established a policy to treat every group of stakeholders in respect of the stakeholders' rights under the laws or any agreements with the Company and to refrain from any actions that could violate their rights. The Company has channels to receive clues or complaints in the event a stakeholder has sustained injury by an infringement of his/her rights. In this regard, there is a measure to compensate appropriately in accordance with the rights the stakeholder ought to have under the pertinent laws and there is also a process to consider and remedy defects or impacts that have arisen and to find guidelines for preventing a recurrence of the relevant incident.

Roles toward Stakeholders

1 Roles toward Employees

The Company discerns the importance of employees who are regarded as valuable resources. Therefore, it treats all employees fairly and equally on the basis of human rights. There is no discrimination against colors, race, gender and religion. No child labor or illegal labor is used. It has the policy to manage wages and remuneration with adherence to equity and suitability for the job description, responsibilities and capability of each employee and

such wages and remuneration are comparable to ones of companies in the same industry. It also has the policy to develop and improve the knowledge and ability of employees continuously for progress in their career. In addition, the Company has formulated a policy to take care of its working environment for safety to life and property of its employees in accordance with the laws and universal standards. Knowledge and training on safety and working environments are provided continuously to employees and individuals concerned.

2 Roles toward Customers

The Company insists on development of better goods and services constantly. The customers shall be provided with the right, adequate, and up-to-date information about the products and services without exaggeration, which could cause misunderstanding to the customers about quality, quantity, or any conditions of goods or services. Product pricing is properly set not to take advantage of consumers in compliance with the consumer protection laws. The Company attaches importance to quality control for delivery of quality products and services and complies in a transparent and equitable manner with contracts, agreements or conditions it has towards customers. It has made available systems or channels of communication so that customers may complain about the quality of products and services or their dissatisfaction and that the Company is able to satisfy the customers' needs promptly and maintain good and sustainable relationships with them. Also, it has cognizance of, is concerned about, pays attention to, and is responsible for customers in the case where they have suffered health or safety impacts that might result from the use of products / services of the Company.

3. Roles toward Business Partners and/or Creditors

The Company has determined clear, transparent and fair procedures for recruiting, selecting and assessing business partners, taking into consideration the maximum benefit to the Company, and shall treat its business partners and/or creditors on a fair and equal basis from which both parties receive mutual benefits. The Company shall adhere strictly to contracts or any terms and conditions as agreed. Should the Company is not able to follow any of the conditions, the business partners and/or creditors shall be promptly informed in advance to collaboratively resolve the issue.

4. Roles toward Trade Competitors

The Company shall conform to the rules of fair business competition. It shall refrain from dishonest or improper seeking for trade secrets of trade competitors, for example, bribery paid to employees of the competitors, and from ruining reputation of trade competitors by allegations against them. Also, it shall not do any acts which infringe intellectual property and copyrighted works of other persons or business partners.

5. Society, Community and Environment

The Company takes into consideration its role and responsibility to the society, community and environment in operating business. The Company constantly advocates activities for the benefits of community and society as a whole. It strictly complies with the concerning laws and regulations with care and accountability for the possible impact arising from the products, services, or operations of the Company. It has cognizance of, is concerned about and pays attention to safety and quality of life of communities and society. It responds quickly and efficiently to events producing impacts on communities, society and the environment as a result of the conduct of activities of the Company by cooperating fully with government units and agencies concerned, participating in social responsibility regarding public interests, environment conservation, good interaction and community development. It does not support any activity that is harmful to society, communities, the environment or good morals. It supports and promotes activities that maintain decent customs, traditions and cultures, and it also campaigns for and cultivates consciousness and voluntary mind among employees so that they are responsible for society, communities and the environment, conserve resources and energies and use them efficiently and do not perform any acts that would produce harmful impacts on natural resources and the environment. This is to build society for ones to live happily together, develop virtues and ethics and maintain decent cultures with respect to the working environment and atmosphere in both the factories and the office. The Company has made available places which are clean, orderly and healthy according to international standards. Standard environmental values are measured regularly at the

Corporate Governance Policies

time specified. Employees' habits are promoted and made in order that they have experience in doing activities for their awareness of and participation in the care, improvement and maintenance of the environment so that it is in an appropriate condition at all times. In addition, the Company will disclose the implementation of its policies as appropriate by preparing a social responsibility report for inclusion in its annual report and/or for presentation on its website.

6. Public Sector

The Company abides by pertinent laws, criteria, regulations and rules. It has good attitudes towards and has trust in government agencies, and it cooperates in being a good citizen and pays taxes correctly.

Business Code of Ethics

The Board of Directors intends to support the development of the Company into an organization that operates business efficiently with corporate governance and the excellent business administration and runs its business responsibly, ethically, fairly, and transparently. The Board determines to create the greatest benefits to the shareholders taking into consideration the related stakeholders in order to build trustworthiness and to thrive sustainably together.

The Company set up a written corporate governance policy as guidelines for the directors, executives, employees, and other concerned people to follow. In addition, the Company established guidelines on the process of control and monitoring the compliance with the business code of ethics. The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company (<https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>) under the heading "Corporate Governance".

Major change and developments in policies, practices, and corporate governance

The Board of Directors has the intention to promote good corporate governance and good management with integrity in business operation, transparency and accountability, therefore, has formulated a good corporate governance policy in accordance with the principles of good governance. Good Corporate Governance for Listed Companies 2012, developed from the OECD Principles of Corporate Governance. This is a universally accepted principle that has been used as a framework for the development of corporate governance principles of foreign countries. Such policies have been continuously reviewed and updated every year. In order to comply with the principles of good corporate governance for listed companies in the year 2017 prepared by the Stock Exchange of Thailand, as well as in accordance with the CGR (Corporate Governance Report of Thai Listed Companies) criteria, according to the Corporate Governance Survey Project. Thai listed company under the Thai Institute of Directors Association (IOD) updated in accordance with the policy of the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard)

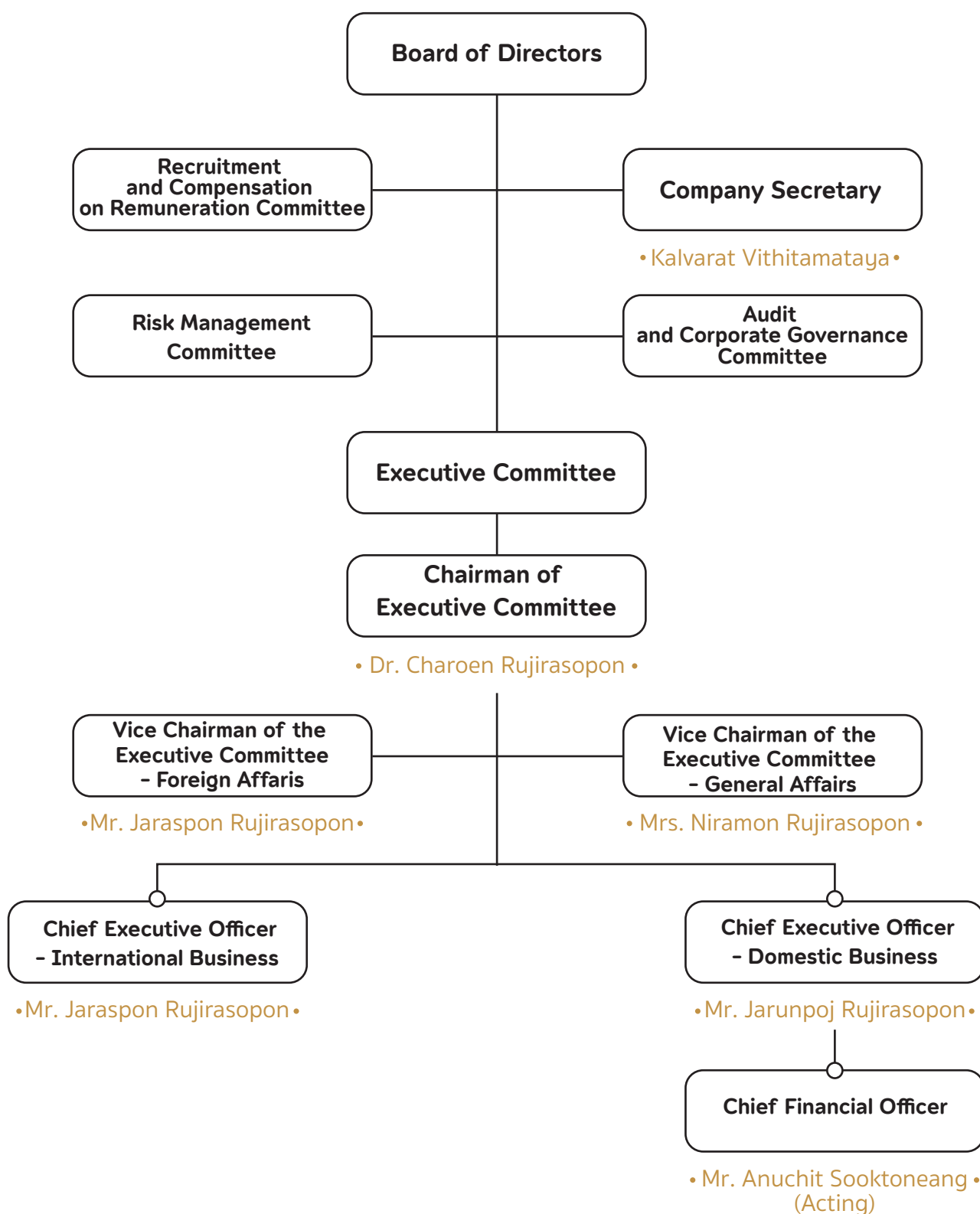


Corporate Governance Structure

Organization chart

S. Khonkaen Foods Public Company Limited

as of 31 December 2022



BIOGRAPHY OF DIRECTORS



Dr. Thanong Bidaya
Chairman of the Board Directors
and Independent Director



Dr. Charoen Rujirasopon
Board Directors
and Chairman of Executive Committee



Mr. Worapon Lopansri
Director
and Independent Director



Mr. Prasarn Marukpitak
Director
and Independent Director



Mr. Chusak Vijakkhana
Director
and Independent Director



Mr. Charoenphan Phantumongkol
Director
and Independent Director



Miss Panchama Vipamas
Director
and Independent Director

AND EXECUTIVES



Mrs. Niramon Rujirasopon
Director and Vice Chairman
of Executive Committee
– General Affairs



Mr. Jaraspon Rujirasopon
Director and Vice Chairman
of Executive Committee



Mr. Jarunpoj Rujirasopon
Director



Mr. Thanakrit Rujirasopon
Director



Dr. Ake Pattaratanakun
Director
and Independent Director



Mr. Anuchit Sooktoneang
Acting Chief Financial Officer



Miss Kalvarat Vithitamataya
Company Secretary

1. Dr. Thanong Bidaya

Age 75 Years

Present Position / Date of Appointment :

• **Director** 30th June 2018

• **Chairman of the Board Directors and Independent Director** 9th August 2018

Educational Background :

- **Ph.D.** in Management, Northwestern University, U.S.A.
- **M.S.** in Economics, Northwestern University, U.S.A.
- **B.A.** in Economics, Yokohama National University, Japan

Record of Training on Roles, Duties and Skills of a Director :

Directors Accreditation Program (DAP) Class 25/2004,
Thai Institute of Directors Association

Shareholding in the Company (%) : - None -

Family Relationship between Director and Executive Management : - None -

Directorship in Other Companies : (Currently 3 companies)

TTW Public Company Limited
CK Power Public Company Limited
Property Perfect Public Company Limited

Other Business than a Listed Companies (Currently 2 companies)

Xayaburi Power Company Limited
Luang Pra Bang Power Company Limited

Years of Holding Office of Director: 4 Years and 6 Months

Other Business that May Result in a Conflict of Interests with the Company : - None -



2. Dr. Charoen Rujirasopon

Age 75 Years

Present Position / Date of Appointment :

- **Chairman of Executive Committee** 12th November, 2012
- **Recruitment and Compensation on Remuneration Committee Member** 24th February, 2014

Education Background :

- **M.S.** Course on Social, Business and Political Leadership, Rangsit University
- **B.A.** Bachelor of Laws, Ramkhamhaeng University
- Vocational Certificate, Assumption Commercial College

Honorary Degrees :

- **Ph.D.** Honorary Doctorate Degree in Business Management from Western University
- **Doctor Degree** Ph.D. in Social Change, Universal Ministries of the Kings College, Florida, U.S.A.
- **Ph.D.** Honorary Doctorate of Science (Food Science and Technology), Rajamangala University of Technology Lanna
- **B.A.** Honorary Bachelor of Home Economics in the field of foods and nutrition, Rajamangala University
- **B.A.** Honorary Bachelor of Arts in Business Management, Chandrakasem Rajabhat University

Certificate / Advanced Level Certificate :

- Certificate, Course on High-Level Executives, Capital Market
- Advanced Level Certificate, Course on Public Sector Management and Public Law, King Prajadhipok's Institute

Record of Training on Roles, Duties and Skills of a Director :

Director Accreditation Program (DAP), Certificate Class 6/2003
Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) :

98,981,860 shares or 30.61 percent

Relationship with the Company's Management :

Mrs. Niramorn Rujirasopon's Spouse
Mr. Jarasopon Rujirasopon and Mr. Jarunpoj Rujirasopon's Father
Mr. Thanakrit Rujirasopon's Uncle

Directorship in Other Company : - None -

Other Business than a Listed Companies : (Currently 11 companies)

S.K.K. Food Company Limited
S. Pasusat Company Limited
Sor. Training Center Company Limited
S. Khehakarn Company Limited
S. Khonkaen Foods (Netherlands) B.V.
S. Khonkaen Foods (USA), INC.
S. Khonkaen Holding Company Limited
S. Khonkaen Cuisine (Thailand) Company Limited
Marid Seafood (Thailand) Company Limited
C N N Holding Company Limited
Mahachai Foods Company Limited

Years of Holding Office of Director :

10 years (since 12th November 2012)

Other Business that May Result in a Conflict of Interests with the Company : - None -



3. Mr. Worapon Lopansri

Age 58 Years

Present Position / Date of Appointment :

- Director and Independent Director 29th April 2014
- Chairman of the Audit and Corporate Governance Committee 12th May 2014

Education Background

- Bachelor of Accountancy Thammasat University
- Master of Accountancy Thammasat University

Certificate / Advanced Level Certificate :

Certificate Internal Auditor (CIA) No. 30858

Record of Training on Roles, Duties and Skills of a Director :

- Director Certification Program (DCP) 167/2012, Thai Institute of Directors Association
- Audit Committee Program (ACP) 45-2013

Proportion of Shareholding in the Company (%) :

80,000 shares or 0.02 percent

Relationship with Company's Management - None -

Directorship in Other Company (Currently 1 company)

Fire Trade Engineering Public Company Limited

Other Business than a Listed Company - None -

Working Experience in 5 Years

2005 - Present	Head of Internal Audit	MSIG (Insurance) Thailand Public Company Limited
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Years of Holding Office of Director :

8 years and 8 months (since 29th April 2014)

Other Business that May Result in a Conflict of Interests with the Company : - None -



4. Mr. Prasarn Marukpitak

Age 75 Years

Present Position / Date of Appointment :

- **Director and Independent Director** 25th May 1994
- **Audit and Corporate Governance Committee Member** 24th February 2014

Education Background : :

- **Bachelor of Arts** Chulalongkorn University
(Political Science)

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate, Class 29/2004, Thai Institute of Directors Association
- Director Certification Program (DCP), Certificate, Class 84/2007, Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Directorship in Other Company - None -

**Other Business than a Listed Company
(Currently 1 company)**

Cheewit Thurakij Company Limited

Working Experience in 5 Years

1981 - Present Business Narrator, Government and State Enterprises

Years of Holding Office of Director

28 years and 7 months

**Other Business that May Result in a Conflict
of Interests with the Company : - None -**



5. Mr. Chusak Vijakkhana

Age 72 Years

Present Position / Date of Appointment :

- Director 23rd November 2004
- Independent Director 28th February 2010
- Audit and Corporate Governance Committee Member 24th February 2014
- Recruitment and Compensation on Remuneration Committee Member 24th February 2014
- Risk Management Committee Member 23rd March 2017

Education Background :

- Bachelor of Laws (Hon.) Thammasat University

Record of Training on Roles, Duties and Skills of a Director :

Director Accreditation Program (DAP), Certificate, Class 43/2005,
Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with the Company's Management : - None -

Directorship in Other Companies (Currently 2 companies)

Mahachai Hospital Public Company Limited
Chao Phaya Hospital Public Company Limited

Other Business than a Listed Companies : (Currently 3 companies)

P.S.D. & Associate Company Limited
Wealthy Health Care Company Limited
Thai Value Care Company Limited

Working Experience in 5 Years

2014 - 2020	Managing Director	Marwell Media Company Limited
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Years of Holding Office of Director : 18 years

Other Business that May Result in a Conflict of Interests with the Company - None -



6. Mr. Charoenphan Phantumongkol

Age 91 Years

Present Position / Date of Appointment :

- Director and Independent Director 11th January 2000
- Chairman of Recruitment and Compensation on Remuneration Committee 24th February 2014

Educational Background :

- Higher Certificate of Accountancy (Equivalent to BA) Thammasat University
- Certified Public Accountant (CPA)

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate Class 29/2004 Thai Institute of Directors Association (IOD)
- Internal Control and Risk Management (SET)
- TAS 2013 - 2014 (Federation of Accounting Professions)
- IAS 39 Financial Instruments : Recognition and Measurement (Federation of Accounting Professions)
- Hedge Accounting (Federation of Accounting Professions)

Proportion of Shareholding in the Company (%) : - None -

Relationship with the Company's Management :

- None -

Directorship in Other Company - None -

Other Business than a Listed Company - None -

Working Experience in 5 Years - None -

Years of Holding Office of Director : 23 years

Other Business that May Result in a Conflict of Interests with the Company - None -



7. Miss Panchama Vipamas

Age 71 Years

Present Position / Date of Appointment :

• Director 2015

• Independent Director 20th July 2017

Educational Background :

- **M.B.A** Thammasat University
- **Master of Accountancy** Chulalongkorn University
- **Bachelor of Laws** Sukhothai Thammathirat Open University
- **Bachelor of Accountancy** Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

Director Certification Program (DCP), Certificate, Class 280/2019,
Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) :

113,750 shares or 0.04 percent

Relationship with the Company's Management : - None -

Directorship in Other Company - None -

Other Business than a Listed Company - None -

Working Experience in 5 Years

2006 - Present	Certified Public Accountant Past Working Experience	
2017 - Present	Group Internal Auditor	Group of Sandi-dhamma Foundation
2015 - 2016	Vice President (Accounting & Finance)	C.J. Express Group Company Limited
2014 - 2017	Risk Management Sub-committee Member	S. Khonkaen Foods Public Company Limited
2013 - 2015	Director (Cash Management)	Carabao Tawandaeng Group Carabao Group Company Limited Carabao Tawandaeng Company Limited Tawandaeng DCM Company Limited Asia Pacific Glass Company Limited

Years of Holding Office of Director : 7 years

Other Business that May Result in a Conflict of Interests with the Company : - None -



8. Prof. Dr. Ake Pattaratanakun

Age 39 Years

Present Position / Date of Appointment :

• **Director** 11th August 2022

• **Independent Director** 29th September 2022

Education Background : :

- **Doctor of Philosophy** Management Studies: Marketing
University of Cambridge, Trinity Lane,
Cambridge, United Kingdom
- **Master of Philosophy** Innovation, Strategy and Organization (Top of the Class)
University of Cambridge, Trinity Lane,
Cambridge, United Kingdom
- **Master of Management** Hospitality: Marketing Management (Top of the Class)
Cornell University, Ithaca, New York, United States
- **Bachelor of Business Administration (First Class Honors), Marketing,**
Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

Director Accreditation Program (DAP), Certificate, Class 159/2019,
Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Directorship in Other Company (Currently 1 company)

I&I Group Public Company Limited

Other Business than a Listed Companies (Currently 3 companies)

Tourism Authority of Thailand
Thailand Institute of Scientific and Technological Research
Thailand Post Company Limited

Working Experience in 5 Years

2021 - Present	Head of Marketing Department Chulalongkorn Business School	Chulalongkorn University
2006 - Present	Marketing Professor of Faculty of Commerce and Accountancy	Chulalongkorn University
2020 - 2021	Assistant President and Director of Master in Branding and Marketing	Chulalongkorn University

Years of Holding Office of Director : 4 months 20 days

Other Business that May Result in a Conflict of Interests with the Company : - None -



9. Mrs. Niramon Rujirasopon

Age 71 Years

Present Position / Date of Appointment :

- **Executive Director** 25th May 1994
- **Vice Chairman of the Executive Committee - General Affairs** 18th April 2022

Education Background :

- **Bachelor of Economics (Industrial Economics)** Ramkhamhaeng University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP) Class 60/2007, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) Class 160/2012, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%)

45,403,550 shares or 14.039 percent

Relationship with the Company's Management :

Dr. Charoen Rujirasopon Spouse
Mother of Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon

Directorship in Other Company - None -

Other Business than a Listed Companies (Currently 8 companies)

S. Khehakarn Company Limited
Sor. Training Center Company Limited
C N N Holding Company Limited
S. Khonkaen Foods (Netherlands) B.V.
S. Pasusat Company Limited
Mahachai Foods Company Limited
S.K.K. Food Company Limited
Thai Food for International Trade Employee's

Years of Holding Office of Director : 28 years and 7 months

Other Business that May Result in a Conflict of Interests with the Company - None -



10. Mr. Jaraspon Rujirasopon

Age 40 Years

Present Position / Date of Appointment :

- **Executive Director** 14th August 2008
- **Vice Chairman of the Executive Committee** 1st April 2022
- **Chief Executive Officer - International Business** 1st April 2022

Education Background :

- **M.B.A. (Marketing)** Aston University, Birmingham, UK
- **Bachelor of Arts in Communication Management** Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Financial Statements for Directors (FSD), Certificate Class 17/2012, Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP), Certificate Class 105/2013, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP), Certificate Class 216/2016, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) :

13,850,580 shares or 4.28 percent

Relationship with the Company's Management :

Son of Dr. Charoen Rujirasopon and Mrs. Niramorn Rujirasopon
 Brother of Mr. Jarunpoj Rujirasopon
 Mr. Thanakrit Rujirasopon's first cousin

Directorship in Other Company - None -

Other Business than a Listed Companies (Currently 6 companies)

Sor. Training Center Company Limited
 S. Khehakarn Company Limited
 S. Khonkaen Holding Company Limited
 S. Khonkaen Cuisine (Thailand) Company Limited
 S. Khonkaen Foods (USA), INC.
 C N N Holding Company Limited

Years of Holding Office of Director: 14 years and 4.5 months

Other Business that May Result in a Conflict of Interests with the Company - None -



11. Mr. Jarunpoj Rujirasopon

Age 36 Years

Present Position / Date of Appointment :

- Executive Director 27th April 2015
- Chairman of Risk Management Committee 23rd March 2017
- Chief Executive Officer - Domestic Business 1st April 2022

Educational Background :

- Bachelor of Business Administration, Major in Finance, Faculty of Commerce and Accountancy, Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate, Class 129/2016, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%)

14,133,580 shares or 4.37 percent

Relationship with the Company's Management :

Son of Dr. Charoen Rujirasopon and Mrs. Niramorn Rujirasopon
Brother of Mr. Jarasopon Rujirasopon
Mr. Thanakrit Rujirasopon's first cousin

Directorship in Other Company : - None -

Other Business than a Listed Companies (Currently 8 companies)

S. Pasusat Company Limited
Mahachai Foods Company Limited
Sor. Training Center Company Limited
S. Khehakarn Company Limited
S. Khonkaen Holding Company Limited
S. Khonkaen Cuisine (Thailand) Company Limited
S. Khonkaen Foods (USA), INC.
C N N Holding Company Limited

Years of Holding Office of Director :

7 years and 8 months

Other Business that May Result in a Conflict of Interests with the Company : - None -



12. Mr. Thanakrit Rujirasopon

Age 57 Years

Present Position / Date of Appointment :

- Executive Director 29th April 2013
- Country Manager 18th April 2022

Educational Background :

- Bachelor of Engineering (Mechanical Engineering) Prince of Songkla University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP) Class 6/2003, Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : - None -

Relationship with the Company's Management :

Nephew of Dr. Charoen Rujirasopon
Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon's cousin

Directorship in Other Company : - None -

Other Business than a Listed Company (Currently 1 company)

S. Khonkaen Foods (USA), INC.

Years of Holding Office of Director : 9 years and 8 months

Other Business that May Result in a Conflict of Interests with the Company : - None -



13. Mr. Anuchit Sooktoneang

Age 34 Years

Present Position / Date of Appointment :

• Acting Chief Financial Officer 1th September 2022

Educational Background :

- Bachelor of Business Administration (Accounting) Khon Kaen University

Record of Training on Roles, Duties and Skills of a Director :

e-learning CFO's Orientation Course 8 November – 9 December 2022

Proportion of Shareholding in the Company (%): - None -

Relationship with the Company's Management: - None -

Directorship in Other Company : - None -

Other Business than a Listed Company : - None -

Working Experience in 5 Years

2021 - 2022	Senior Manager - Consolidation	Raimon Land Public Company Limited
2019 - 2021	Accounting Lead - General Ledger	Osotspa Public Company Limited
2017 - 2019	Audit Manager	EY Office Company Limited

Other Business that May Result in a Conflict of Interests with the Company : - None -



14. Miss Kalvarat Vithitamataya

Age 68 Years

Present Position / Date of Appointment :

- Secretary to Board of Directors 19th September 1994
- Company Secretary 13th August 2008

Educational Background :

- Master in Business Administration (EMBA) National Institute of Development Administration
- Bachelor Degree in Laws Ramkhamhaeng University

Record of Training on Roles, Duties and Skills of a Director : - None -

Related Training Programme held by IOD

- Company Secretary Program (CSP), Certificate Class 101/2019 Thai Institute of Directors Association (IOD))

Proportion of Shareholding in the Company (%) : - None -

Relationship with the Company's Management : - None -

Other Business than a Listed Company : - None -

Other Business that May Result in a Conflict of Interests with the Company : - None -



Structure of Corporate Governance

Board of Directors and Sub-committees

The Company's Board of Directors is comprised of 12 directors, of which 7 are independent directors, more than 1/3 of the total number of directors with the guidelines specified by the Stock Exchange of Thailand (SET) and Office of the Securities and Exchange Commission, which causes of balance the power to review, comment and vote for approve.

The Company's management structure consists of the Board of Directors and four sub-committees, as follows:

- 1) Audit and Corporate Governance Committee
- 2) Recruitment and Compensation on Remuneration Committee
- 3) Risk Management Committee
- 4) Executive Committee

The Board of Directors

As of 31st December 2022, the Company's Directors consisted of 12 Directors as follows:



- | | | | |
|----------------------------------|---|-------------------------------|---|
| 1. Dr. Thanong Bidaya | Chairman of the Board of Directors and Independent Director | 7. Miss Panchama Vipamas | Director and Independent Director |
| 2. Dr. Charoen Rujirasopon | Director and Chairman of the Executive Committee | 8. Dr. Ake Pattaratanakun | Director and Independent Director |
| 3. Mr. Worapon Lopansri | Director and Independent Director | 9. Mrs. Niramom Rujirasopon | Director and Vice Chairman of Executive Committee – General Affairs |
| 4. Mr. Prasarn Marukpitak | Director and Independent Director | 10. Mr. Jaraspon Rujirasopon | Director and Vice Chairman of Executive Committee |
| 5. Mr. Chusak Vijakkhana | Director and Independent Director | 11. Mr. Jarunpoj Rujirasopon | Director |
| 6. Mr. Charoenphan Phantumongkol | Director and Independent Director | 12. Mr. Thanakrit Rujirasopon | Director |
- Miss Kalvarat Vithitamaya performs as the Company Secretary.

Authority of Directors

“Mr. Charoen Rujirasopon co-signs his name with Mrs. Niramorn Rujirasopon and affixes the seal of the Company; or either Mr. Charoen Rujirasopon or Mrs. Niramorn Rujirasopon co-signs his / her name with another director, namely, Mr. Jarasopon Rujirasopon or Mr. Thanakrit Rujirasopon or Mr. Jarunpoj Rujirasopon, thereby constituting two signatures and affixes the seal of the Company.”

Approval Authority of the Company's Board of Directors

The authority of the Board of Directors will be authorized to approve.

- objectives related to the company's business.
- under the scopes given by law and accordance to the company's Articles of Association and the shareholders' resolutions

An approval framework has been clearly defined for the Board and the executive various matters including human resources administration, finance, accounting etc.

Roles and responsibilities of the Board of Directors

The shareholders appoint the Board of Directors to supervise the business in accordance with the Company's objectives within the scope stipulated in the Company's articles of association and the resolutions of the shareholders' meeting with honesty and impartiality to properly comply with the relevant laws and regulations. The Board of Directors may appoint one or more directors, or any other person may perform any act on its behalf; however, such delegation of powers must be within the scope of the Board's powers, and the authorized person's powers and duties.

The Board of Directors oversees management to ensure that they are operating in accordance with the goals, strategies, and plans approved by the Board of Directors for consideration and approval on important matters relating to the Company's operations. It consists of policies and business plans, risks, work plans, and budgets, as well as supervising management to ensure that established policies are followed with efficiency and effectiveness for the benefit of the Company and all stakeholders. The Executive Officers will be delegated powers and responsibilities in daily administration by the Board of Directors. The powers and duties are clearly distinct from those of the Chairman of the Board and the Chairman of Executive Committee. Furthermore, the Board of Directors has formed various sub-committees to manage specific tasks, such as hiring external experts or consultants to provide opinions or suggestions on matters relating to the operation of the Company as necessary and reasonable at the Company's expense.

Furthermore, the Board of Directors has appointed a company secretary to advise and assist the Board of Directors by taking responsibility for ensuring that the Board of Directors complies with rules, regulations, and corporate governance processes to coordinate and assist in treating the Company's shareholders appropriately.

The Board of Directors considers and gives consent to the critical matters concerning the Company's operations which cover policies, business plans, risks, operation plan, and budget, as well as monitors and supervises the management to implement the Company's determined policies effectively and efficiently.

Term of Office

1. According to the Public Limited Companies Act, B.E.2535 and the Articles of Association of the Company, one-third of the directors shall resign from their positions in each Annual General Meeting of Shareholders. If the number of directors is not exactly a multiple of three, the nearest number of one-third shall resign, in which case the directors who have served the longest term in office shall resign. The resigning directors may be re-elected to the position.

2. When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics

defined by section 68 of the Public Limited Companies Act, B.E.1992 to be a substitute director in the Board's meeting although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

The Board of Directors has the following powers and duties:-

1. Determine the Company's direction, goals, and business policies.
2. Perform duties with honesty and integrity in accordance with the law, objectives, and articles of association of the Company, as well as the resolutions of the Board of Directors and the resolutions of the shareholders' meeting and be careful to protect the interests of the Company, except in matters that require approval from the shareholders' meeting before proceeding. For example, matters required by law to be resolved by the shareholders' meeting connecting transactions, as well as purchasing or selling important assets in accordance with Thai Stock Exchange regulations.
3. Consider, approve, and review the Company's vision and mission every fiscal year.
4. Examine and approve policies, plans, and budgets, administrative structure, administration, corporate governance policy, and any other items prescribed by the Thai Stock Exchange or required by law.
5. Consider and approve items other than those that the Board of Directors has allowed the Chief Executive Officers to do or items, which required by law, rules, or the Company's regulations and required approval from the Board of Directors or the Company's shareholders' meeting.
6. Establish an internal control system for the Company's operations, financial reporting, and compliance with laws, regulations, policies, and procedures, and charge the internal audit unit with auditing compliance in accordance with the said internal control system and reporting to the audit and corporate governance committee.
7. Appoint the Chief Executive Officer and oversee the Chief Executive Officers' performance in accordance with the Company's corporate governance policy within the scope of the authority delegated by the Board of Directors and evaluate the Chief Executive Officer's performance annually for consideration of the Chief Executive Officers' remuneration.
8. Appoint directors to serve as directors in subsidiaries to oversee the operations of the subsidiaries and achieve the objectives of investing in those subsidiaries.
9. Appoint the Audit and Corporate Governance Committee, Executive Director, and various Sub-committees' such as the Risk Management Committee, Recruitment and Compensation on Remuneration Committee, and so on, to assist the Board of Directors in achieving the objectives set by the members of the sub-committees, who are mostly independent directors, as is the chairperson of the sub-committees.
10. Supervise management to ensure that policies, plans, and budgets.
11. Provide dependable accounting, financial reporting, and auditing systems, including ensuring an effective internal control system and internal auditing.
12. Supervise the Company to ensure that it has a comprehensive risk management system in place, as well as effective risk management, reporting, and monitoring processes.
13. In the annual report, include a report on the Board of Directors' responsibility for financial report preparation, as well as the auditor's report.
14. Treat shareholders and stakeholders with fairness, including consideration of conflicts of interest, transparency in operations, and adequate disclosure of information.
15. Consider the remuneration of the directors and bring various issues to the shareholders' meeting for discussion.
16. Appoint a company secretary to assist the board and the Company in conducting various activities such as meetings, board, and shareholder meetings, and providing regular advice to directors and the Company on how to conduct themselves and operate their business in accordance with the relevant laws and regulations.

The Company's Board of Directors has set the roles, duties and responsibilities of the Company's Chairman of the Board of Directors, Chief of Executive Officers (CEOs) or Managing Directors, and the Company's Secretary as follows :

1) The Company's Chairman of the Board of Directors

- 1.1) Responsible in capacity as Leader of the Company's Board of Directors in supervising, following up, overseeing administration of the Executive Board and performance of the Sub-Committees to achieve the objectives according to the specified plan.
- 1.2) Support and promote the Company's Board of Directors to perform duties to their full capabilities according to the scope of power, duties and responsibilities also according to the law and the corporate good governance.
- 1.3) Has the role in specifying the meeting agenda jointly with the Company's Board of Directors and / or the Chairman of Executive Board.
- 1.4) Calls the Meetings of the Company's Board of Directors and oversees the delivery of the relevant meeting invitation letter including various documents for the Company's Board of Directors' receipt of sufficient data in time.
- 1.5) Acts as the Chairman of the Company's Board of Directors' Meetings and the Shareholders' Meetings including controlling the meetings in accordance with the regulations and the specified agenda.
- 1.6) Supports and opens opportunity for the Company Directors to give independent comments equally and controls the relevant meeting discussion and summarizes the meeting's resolution.
- 1.7) As Voter of the decisive vote in the Company's Board of Directors' Meetings in case of the equal votes of two parties.
- 1.8) Oversees the efficient communication between the Company's Board of Directors and the Shareholders.
- 1.9) Performs duties of the Chairman of the Company's Board of Directors as required by the law.

2) Chief of the Executive Officers or Managing Directors

As the person appointed by the Company's Board of Directors to perform duties in administrating the Company's business to achieve the objectives and goals together with the following up and overseeing the appropriately justified business operations for the stakeholders' optimum benefits in all aspects including the overseeing of disclosure of general data and financial information of the Company according to the good practical guideline within the given power in the relevant normal business performance of the Company.

The Company's Board of Directors will be the assessor of the performance of the Chief Executive Officers in each year for consideration of setting the relevant compensation based on the key indicator, namely the financial compensation indicator such as Profitability including EBIDA Margin, Return on Equity and Net Profit Margin, of which Chief of Executive Officers' compensation comprising Salary & Annual Bonus according to the performance actually occurred.

Duties and Responsibilities of Chief Executive Officers or Managing Directors

- 2.1) Manage the Company's business in accordance with the Board of Directors' meeting's objectives, rules, policies, regulations, requirements, orders, and resolutions, or the shareholders' meeting's resolutions.
- 2.2) Execute or operate with efficiency and effectiveness in accordance with the policies, plans, and budgets approved by the Board of Directors.
- 2.3) Execute the preparation and delivery of the Company's business policies, including plans and budgets, to the Board of Directors for approval, and regularly report to the Board of Directors on progress in accordance with the approved plans and budget.
- 2.4) Supervise, contact, order, execute, and sign any legal acts, contracts, documents, orders, notices, or letters used to communicate with other agencies or individuals to ensure the efficiency and effectiveness of the Company's operations.
- 2.5) Supervise officers and employees, including recruiting, appointing, dismissing, postponing, reducing, or cutting salaries or wages, disciplinary action, and dismissal in accordance with the Board of Directors' regulations, requirements, or orders, or as specified by the Company.

- 2.6) The authority to delegate or assign another person to perform a specific task on his behalf by sub-delegating or assigning such assignment within the scope of the authorization under the power of attorney or in accordance with the rules, requirements, or orders of the Board of Directors of the Company or the Company specified.
- 2.7) In accordance with the Company's ethical and business code of conduct, be a leader and a role model.

3) Company Secretary

- 3.1) Support the Chairman of the Board of Directors in the preparation and conduct of the Board of Directors' meeting.
- 3.2) Follow up on changes in corporate governance regulations, laws, and developments, including notifying the Board of Directors for acknowledgement.
- 3.3) Assist the Board of Directors of the Company in being aware of the stakeholders and taking social responsibility when making decisions.
- 3.4) Serving as a representative to the Chairman of the Board of Directors and the Board of Directors.
- 3.5) Be the primary point of contact and consultant for the Company's directors on all matters pertaining to the Company.
- 3.6) Supervise the Company's compliance with the annual report's disclosure criteria.
- 3.7) Supervise the Company's compliance with Thai Stock Exchange regulations, including acting as a point of contact for regulatory agencies.
- 3.8) Be the focal point for dealing with investors, particularly in terms of governance.
- 3.9) Prepare information for new company directors, such as explaining their roles, duties, and responsibilities as directors of the Company.
- 3.10) Encourage the Company's directors to recognize their role in the disclosure of the Company's information to avoid disclosing information that misleads the market.
- 3.11) Be a document keeper as required by law.
- 3.12) Assist in the preparation of the shareholders' general meeting.

Independent Directors

Independent directors shall have the following qualifications

1. Hold the shares of the Company and its subsidiaries, inclusive of shares held by related persons, not larger than 1% of the total outstanding shares with voting rights;
2. Do not take part in management of the Company, affiliated companies, associated companies, companies related to the major shareholders of the Company, and not being an employee, staff, or an advisor who earns a regular salary of the Company, affiliated companies, associated companies, or the major shareholders of the Company;
3. Have neither benefit nor interest directly or indirectly both in financial and operational management of the Company, affiliated companies, associated companies, or the major shareholders of the Company, including during the two-year period prior to appointment to the position unless, subsequent to thorough consideration of the Board of Directors, such earlier beneficial involvement is envisaged to have no effect on performance and independent judgment of the independent directors;
4. Not being related persons or closed relatives of executives or major shareholders of the Company;
5. Are not appointed as representatives of the Company directors, major shareholders of the Company or shareholders who are related to major shareholders of the Company;
6. Are able to perform the duty, express opinions, or report their performance of duty as delegated from the Board of Directors under no control of executives, or the major shareholders of the Company, including any persons related to or the closed relatives of those persons.

When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office and the remaining term of office of the vacant position is more than 2 months, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by the law to be a substitute independent director in the next committee's meeting on condition that the resolution must be derived from not

less than three-fourth of the votes of the remaining independent directors although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

Sub-committees

1) Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee includes of three independent directors, who are as follows:

- | | |
|---------------------------|--|
| 1. Mr. Worapon Lopansri | Chairman of the Audit and Corporate Governance Committee |
| 2. Mr. Prasarn Marukpitak | Audit and Corporate Governance Committee |
| 3. Mr. Chusak Vijakhana | Audit and Corporate Governance Committee |
- with Mr. Sompark Kiratipongwut is the secretary of the Audit and Corporate Governance Committee.

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee, has 36 years of knowledge and experience in accounting, finance, and auditing, and as Chairman of the Audit and Corporate Governance Committee in 2022, he conducted a review of the Company's financial statements.

Tenure

Members of the Audit and Corporate Governance Committee serve two-year terms, and those whose terms have expired can re-appointed to the Audit and Corporate Governance Committee.

Duties and Responsibilities

1. Review for the Company financial reporting is accurate and sufficient.
2. Examine to ensure that the Company has an appropriate and effective corporate governance, risk management, internal control, internal audit, and anti-corruption system, and always consider the independence of the internal audit unit before giving approval to consider appointing, relocating, dismissing, or evaluating the performance of the head of the internal audit unit or any other unit responsible for internal audits.
3. Examine the freedom of the internal audit department along with approval of the nomination, transfer, discharge, and evaluate the work performance of the head of the internal audit department or any others that are responsible for internal audits.
4. Examine the charter of the internal audit department, the examination plan, the budget, the training plan, and the workforce of the internal audit department.
5. Examine the Company's compliance with the Securities and Exchange Act, including the Stock Exchange of Thailand's regulations and the laws applicable to the Company's business.
6. Consider, select, and nominate an independent person to function as the Company's auditor, and propose such person's remuneration, which includes attending the auditor's meeting at least once a year without management present.
7. Consider connected transactions or the transactions that may have conflicts of interest in accordance with Thai Stock Exchange laws and regulations to ensure that such transactions are reasonable and in the best interests of the Company.
8. Prepare an Audit and Corporate Governance Committee report and include it in the Company's annual report, which must be signed by the Chairman of the Audit and Corporate Governance Committee and contain at least the following information
 - a. Opinions on the Company's financial reports' accuracy, completeness, and credibility.
 - b. Opinions on the Company's internal control system's sufficiency.
 - c. Opinions on compliance with Securities and Exchange Act regulations or laws relevant to the Company's operations
 - d. Opinions on the suitability of the auditor.
 - e. Opinions on transactions involving potential conflicts of interest.
 - f. The number of Audit and Corporate Governance Committee meetings and the attendance of each Audit and Corporate Governance Committee member at each meeting.
 - g. Opinions or general observations received by the Audit and Corporate Governance Committee

while performing its duties under the Charter.

h. Other items that shareholders and general investors should be aware of under the Board of Directors' scope of duties and responsibilities.

9. Create a good corporate governance policy that is appropriate for the Company within the scope of laws, criteria, rules, and regulations of regulatory agencies such as the Stock Exchange of Thailand Office of the Securities and Exchange Commission, relevant agencies, and guidelines for good corporate governance based on international standards for submission to the Board of Directors for approval.
10. For practical and continuity reasons, supervise and advise the Company's directors and executives on how to perform their duties and responsibilities in accordance with the good corporate governance policy.
11. Regularly review and update the good corporate governance policy to ensure that the Company's good corporate governance policy is in accordance with international best practices as well as the Company's laws, criteria, regulations, rules, and business.
12. Monitor and report to the Board of Directors, shareholders, and general investors on the implementation of good corporate governance policies.
13. Recommend requirements and guidelines for conducting business ethics and codes of conduct, as well as codes of conduct for the Company's directors, executives, and employees
14. As needed, a working group can form to support good corporate governance.
15. With the approval of the Audit and Corporate Governance Committee, perform any other duties as assigned by the Board of Directors.
16. In carrying out the Audit and Corporate Governance Committee's duties, if it is discovered or suspected that there are transactions or actions that may have a material impact on the Company's financial position and performance, the Board of Directors shall Audit and corporate governance report to the Board of Directors for improvement within the time that the Audit and Corporate Governance Committee deems appropriate. If the Board of Directors or management does not make the required corrections within the time frame, one of the Audit and Corporate Governance Committees may report such transactions or actions to the Securities and Exchange Commission or the Thai Stock Exchange

2) Recruitment and Compensation on Remuneration Committee

The Board of Directors appointed the Recruitment and Compensation on Remuneration Committee on 24 February 2014. The Recruitment and Compensation on Remuneration Committee consists of 3 company directors with the Chairman and one of the independent directors as follows

- | | |
|----------------------------------|---|
| 1. Mr. Charoenphan Phantumongkol | Chairman of the Recruitment and Compensation on Remuneration Committee and Independent director |
| 2. Mr. Chusak Vijakkhana | Member of the Recruitment and Compensation on Remuneration Committee and Independent director |
| 3. Dr. Charoen Rujirasopon | Member of the Recruitment and Compensation on Remuneration Committee |

Tenure

The Chairman and members of the Recruitment and Compensation on Remuneration Committee have the tenure of the term of office of the position of the Company Director. The retired members may be re-appointed to the position.

Charter of the Recruitment and Compensation on Remuneration Committee

The Board of Directors has approved the Charter of the Recruitment and Compensation on Remuneration Committee and set the remuneration rates in written together with the following roles and responsibilities

a. Recruitment Function

1. To consider the suitability of compositions of the Board of Directors and the other committees
2. To establish a policy, the rules and methods for nominating persons to be directors in order to propose these documents to the Board of Directors' meeting for approval;
3. To nominate, select and propose persons who are qualified for directors in the Board of Directors, members in the various committees of the Company and the top executives to the Board of Directors for consideration;

4. To perform other missions as assigned by the Board of Directors.

b. Compensation and Remuneration Function

1. To propose a remuneration policy and guidelines for payment of remuneration and other benefits for the Board of Directors, the Company's committees and the top executives. The proposed remuneration should be commensurate with their duties and responsibilities taking into account the results of the Company's operations;
2. To consider remuneration rate applied by other companies in the same industry as the Company;
3. To establish guidelines for annual performance evaluation of the Board of Directors, the Company's committees and the top executives, to report the results of evaluation to the Board of Directors and to disclose such information in the annual report;
4. To perform other missions as assigned by the Board of Directors.

3) Risk Management Committee

The Risk Management Committee includes of the following members of the Company's Board of Directors and Senior Management:

- | | |
|----------------------------------|---|
| 1. Mr. Jarunpoj Rujirasopon | Chairman of the Risk Management Committee |
| 2. Mr. Chusak Vijakkhana | Risk Management Committee |
| 3. Mr. Jaraspon Rujirasopon | Risk Management Committee |
| 4. Mr. Sakda Kanajaroen | Risk Management Committee |
| 5. Mrs. Keanapa Jittiruangvichai | Risk Management Committee |
| 6. Mr. Vorapod Gitsinthopchai | Risk Management Committee |
| 7. Mr. Kati Kosanuntachai | Risk Management Committee |
| 8. Mr. Sarun Yansopananan | Risk Management Committee |
- with Mrs. Attaporn Honghern is the secretary of the Risk Management Committee.

Tenure

The Risk Management Committee appointed for a two-year term or for the duration of the Company's director's tenure. The Board of Directors can reselect directors who have lapsed in office to serve on the Risk Management Committee

Duties and Responsibilities

1. Determine risk management policies and provide guidance for the development and enhancement of acceptable and efficient risk management processes within the organization.
2. Provide a procedure for detecting, analyzing, assessing, managing, and reporting on risk management information across the Company on a continual and consistent manner.
3. Direct and determine preventative and risk reduction measures that are effective. Follow up on and evaluate the risk management process of the overall company and the corruption risk to correspond with the business's strategies and targets, and also changing circumstances.
4. Consider and report the performance of the organizational risk management and report the corruption risk management performance by the risk management committee or other related departments. Give opinions on the risk and its controlling measures. Develop the risk management process.
5. Support the work process of the risk management committee or other responsible related divisions to reach the objectives.
6. Report on the organizational risk management performance and report the corruption risk management performance to the Board of Directors. In case an important factor or an occurrence which can significantly impact the company takes place, report this to the Board of Directors for their knowledge and consideration as soon as possible.
7. Evaluate the work performance of the risk management committee by reporting to the Board of Directors and disclose this in the annual report.

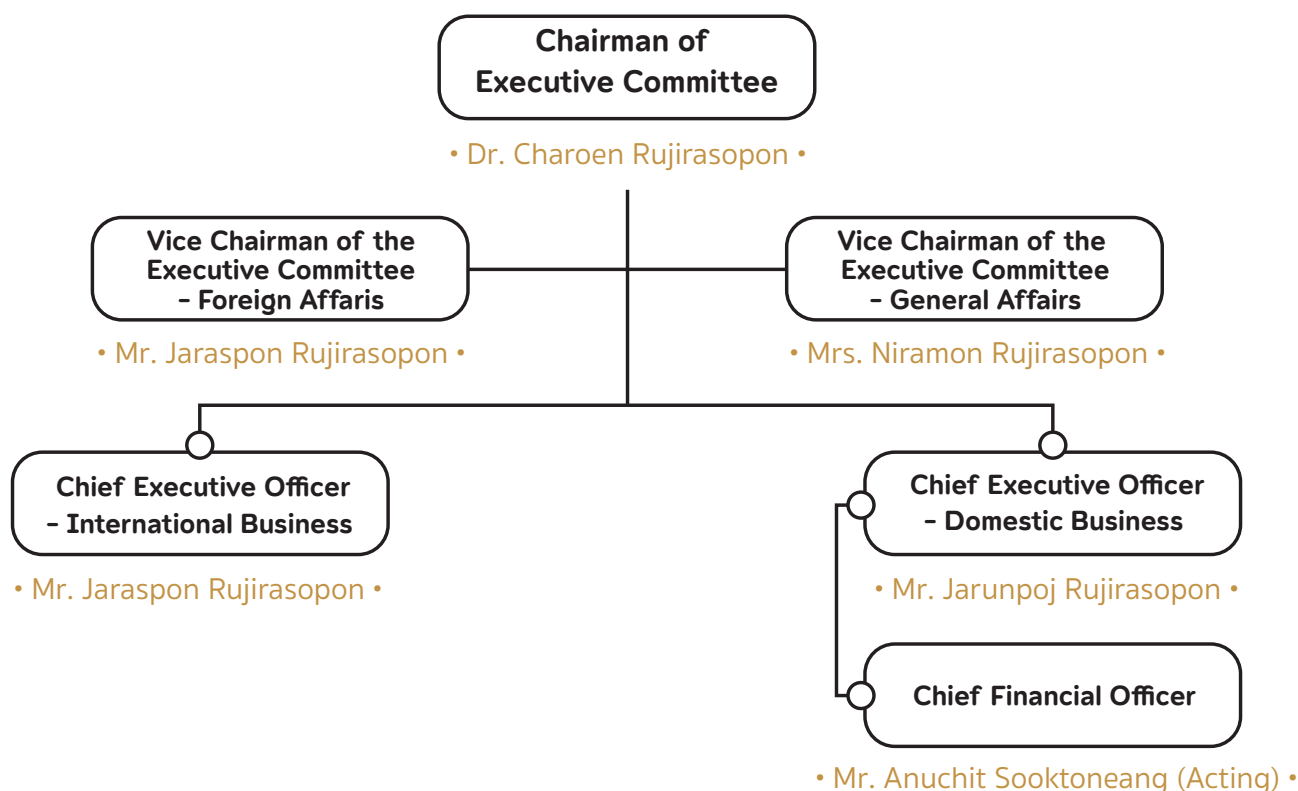
Corporate Governance Structure

8. Disclose the work performance of the risk management committee in the annual report.
9. Act upon the assigned duties from the Board of Directors.

4) Executive Committee

The Executive Committee consists of 5 executive directors as follows;-

- | | |
|------------------------------|--|
| 1. Dr. Charoen Rujirasopon | Chairman of the Executive Committee |
| 2. Mrs. Niramom Rujirasopon | - Executive Director
- Vice Chairman of the Executive Committee – General Affairs |
| 3. Mr. Jarunpoj Rujirasopon | - Executive Director
- Chief Executive Officer – Domestic Business |
| 4. Mr. Jaraspon Rujirasopon | - Executive Director
- Vice Chairman of the Executive Committee – Foreign Affairs and
- Chief Executive Officer – International Business |
| 5. Mr. Thanakrit Rujirasopon | - Executive Director
- Country Manager |



The Executive Committee has the following roles and responsibilities.

1. To set the directions, business strategies, management structure, business plans and annual budget of the Company to propose to the Board of Directors for approval
2. To manage the business operations of the Company to achieve the pre-determined objectives and goals;
3. To supervise and monitor the results of operations and financial position of the Company, and to report these information to the Board of Directors for information;
4. To seek and evaluate opportunities for investment in new businesses;
5. To consider the dividend policy of the Company and to provide comments for the Board of Directors;
6. To review and approve transactions on investment, human resource management, finance, general business administration and any other transactions related to the Company's business under the scope of delegated authority approved by the Board of Directors;
7. To consider and comment on matters requiring approval from the Board of Directors except for any activities that the Board of Directors assigned another committee to undertake them;
8. To review the risk management and the internal control system of the Company;
9. To employ an advisor or an independent person to give opinions or suggestions as necessary;
10. To undertake any other duties assigned by the Board of Directors in line with the Board's occasional delegation of authority and responsibility. Powers,

Duties and Responsibilities of the Chief Executive Officers

1. To manage business of the Company in accordance with policies, the laws, objects, Articles of Association, resolutions of shareholders meetings, Board meetings and Executive Board meetings, and relevant regulations;
2. To give instructions or take any actions which are necessary and reasonable for good success in the action under 1, and, in the case of important matters, to report to Board meetings and/or Executive Board meetings;
3. To consider and approve inductions, appointments, transfers, removals, and to consider merits and disciplinary measures, as well as to determine remuneration and welfare of employees, provided all such actions are not inconsistent with the powers of the Executive Board

Directors Remuneration

The Company has a policy of offering to pay directors' remuneration at an appropriate level, based on the Company's performance and comparisons with other companies in the same industry, which taking into account the directors' duties and responsibilities, such remuneration will be at an appropriate level comparable to the market and the same industry, as well as sufficient to motivate and retain quality directors with the Company, the directors' remuneration will be in the form of annual remuneration and meeting allowances.

In 2021, the 28th Annual General Meeting of Shareholders approved the annual directors' remuneration of Baht 1,100,000.- (Baht one million and one hundred thousand only) by authorizing the Chairman of the Board to allocate such directors' remuneration as follows:

Corporate Governance Structure

1) Remuneration in Money. The annual remunerations were paid from the Company's operation of January 1st – December 31st, 2022.

(A) Remuneration for Directors, totally Baht 1,100,000.-

Name of Directors	Position	The Directors' Remuneration
Dr. Thanong Bidaya	<ul style="list-style-type: none"> Chairman of the Board of Directors Independent Director 	Baht 126,500.-
Dr. Charoen Rujirasopon	<ul style="list-style-type: none"> Director Chairman of the Executive Committee Recruitment and Compensation on Remuneration Committee Member 	Baht 77,000.-
Mr. Worapon Lopansri	<ul style="list-style-type: none"> Director and Independent Director Chairman of the Audit and Corporate Governance Committee 	Baht 115,500.-
Mr. Prasarn Marukpitak	<ul style="list-style-type: none"> Director and Independent Director Audit and Corporate Governance Committee Member 	Baht 104,500.-
Mr. Chusak Vijakkhana	<ul style="list-style-type: none"> Director and Independent Director Audit and Corporate Governance Committee Member Risk Management Committee Member Recruitment and Compensation on Remuneration Committee Member 	Baht 104,500.-
Mr. Charoenphan Phantumongkol	<ul style="list-style-type: none"> Director and Independent Director Chairman of the Recruitment and Compensation on Remuneration Committee 	Baht 104,500.-
Ms. Panchama Vipamas	Director and Independent Director	Baht 104,500.-
Mrs. Niramun Rujirasopon	Executive Director	Baht 77,000.-
Mr. Jaraspon Rujirasopon	<ul style="list-style-type: none"> Executive Director Risk Management Committee Member 	Baht 71,500.-

Name of Directors	Position	The Directors' Remuneration	
Mr. Jarunpoj Rujirasopon	• Executive Director • Chairman of the Risk Management Committee	Baht	71,500.-
Mr. Thanakrit Rujirasopon	Executive Director	Baht	71,500.-
Mrs. Siriluck Chaiwattanaprapa	Director	Baht	71,500.-

(B) Meeting Allowance for Directors and Sub-committees at totally Baht 1,080,000.-

1. Meeting Allowance for Directors per Meeting

1.1 Rate of Chairman of the Board of Director and Independent Director Baht 30,000.-

1.2 Rate of Independent Director, each Baht 15,000.-

1.3 Rate of Director, each Baht 15,000.-

2. Meeting Allowance for the Audit and Corporate Governance Committee per Meeting

2.1 Rate of Chairman of the Audit and Corporate Governance Committee Baht 20,000.-

2.2 Rate of Member, Audit and Corporate Governance Committee, each Baht 15,000.-

3. Meeting Allowance for the Recruitment and Compensation on Remuneration Committee per Meeting

3.1 Rate of Chairman of the Recruitment and Compensation on Remuneration Committee Baht 20,000.-

3.2 Rate of Member, Recruitment and Compensation on Remuneration Committee, each Baht 15,000.-

4. Meeting Allowance for the Risk Management Committee per Meeting

4.1 Rate of The Chairman of the Risk Management Committee Baht 20,000.-

4.2 Rate of Member, Risk Management Committee, each Baht 15,000.-

Other privileges : - None -

A director holding more than one office shall be entitled to the meeting allowance and annual remuneration at the highest rate for only one office.

Executive Board Chairman and / or a director who is an employee or holds the office of executive in the Company will not be entitled to the meeting allowances for directors under 1 to 4 but will receive only the annual remuneration according to the Chairman of the Board of Directors allocates only.

Corporate Governance Structure

Name of Directors	Position	Meeting Allowance (Baht)				Total / Baht
		Board of Directors	Audit and Corporate Governance Committee	Risk Management Committee	Recruitment and Compensation on Remuneration Committee	
Dr. Thanong Bidaya	<ul style="list-style-type: none"> Chairman of the Board of Directors Independent Director 	210,000.-	-	-	-	210,000.-
Mr. Worapon Lopansri	<ul style="list-style-type: none"> Director Independent Director Chairman of the Audit and Corporate Governance Committee 	105,000.-	80,000.-	-	-	185,000.-
Mr. Prasarn Marukpitak	<ul style="list-style-type: none"> Director Independent Director Audit and Corporate Governance Committee Member 	105,000.-	60,000.-	-	-	165,000.-
Mr. Chusak Vijakkhana	<ul style="list-style-type: none"> Director Independent Director Audit and Corporate Governance Committee Member Risk Management Committee Member Recruitment and Compensation on Remuneration Committee Member 	105,000.-	60,000.-	15,000.-	15,000.-	210,000.-

Name of Directors	Position	Meeting Allowance (Baht)				Total / Baht
		Board of Directors	Audit and Corporate Governance Committee	Risk Management Committee	Recruitment and Compensation on Remuneration Committee	
Mr. Charoenphan Phantumongkol	• Director • Independent Director • Chairman of the Recruitment and Compensation on Remuneration Committee	105,000.-	-	-	40,000.-	145,000.-
Ms. Panchama Vipamas	• Director • Independent Director	105,000.-	-	-	-	105,000.-
Dr. Ake Pattaratanakun	• Director • Independent Director	60,000.-	-	-	-	60,000.-
Total		795,000.-	200,000.-	15,000.-	70,000.-	1,080,000.-

Executive Remuneration Policy

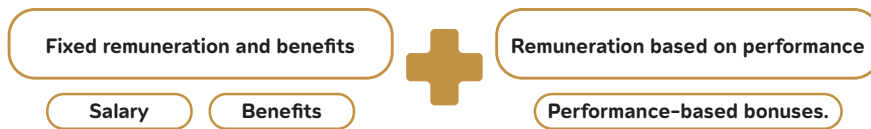
The Company's pay concept is designed to reward the Company's strategic operations' performance as well as the contributions executives have made to the Company, as determined by the Board of Directors. Annually, Nomination and Salary reviews and approves the remuneration policy of senior executives by defining a remuneration management system that considers the following factors

1. Performance-based remuneration management
 - Senior management pay is based on the Company's strategic goals being met.
 - Operational success metrics, both financial and non-financial, are used to evaluate performance.
2. Management of remuneration in conformity with shareholder expectations.
 - Selecting an innovative performance measuring system that meets the Company's short- and long-term goals to align with the Company's strategy and provide continual additional value to shareholders.
 - Ensuring if the success measures proved are acceptable for the target company's operating capabilities and a higher level of performance
 - To safeguard the Company's ability to invest, it must prove a consistent and systematic fundraising program.
3. Competitive Remuneration Management
 - Competitive remuneration management in connected business groups to ensure that the Company can attract and retain strong and skilled employees to work for and stay with the Company to continue to produce outcomes.
 - For both yearly and long-term returns, the proportionate relationship between remuneration and performance is considerable.

Structure of the Company's Remuneration

The following elements are included in the remuneration awarded to the Chief Executive Officer and other executives approved by the Company's Recruitment and Compensation on Remuneration Committee

Corporate Governance Structure



1. Fixed remuneration and benefits

- 1.1 Salary The remuneration paid is determined by the individual's activities, responsibilities, experience, and capabilities, which are paid in cash monthly and reviewed annually based on performance and the labor market's rate of wage rise.
- 1.2 Other benefits and special benefits The primary goal of giving other benefits and special benefits to employees is to provide security and help in the event of health issues, disability, or death, as well as to ensure employee welfare in accordance with labor market rules and as required by law.

2. Remuneration based on performance

2.1 Performance-based bonuses

It is a reward that fluctuates depending on the achievement of short-term performance in comparison to the annual work plan that has been created in reference to the remuneration in the relevant labor market. This performance-based incentive is linked to an annual Key Performance Indicators (KPI), which is the total of a number of indicators weighted according to the importance of each aspect that affects a company's overall performance and the performance of individual employees, including bonuses.

Remuneration of the Company

Remuneration and benefits	CEO	Executives	Employees	Payment Methods	The goal and how it relates to remuneration
Base Salary	✓	✓	✓	All employees should be paid in cash.	Motivate and retain capable employees by rewarding them for completing their duties and obligations in accordance with their job descriptions.
Performance Bonus	□	□	□	All employees should be paid in cash.	To recognize and reward the accomplishments of the job that has been assigned each year.

Remuneration of Executive Directors and Executives of the Company

The Company provided remuneration to the Executive Directors and the Company's executives totaling Baht 53,669,981 in 2022 (2021 : Baht 41,767,685)

Other remuneration

- Other directors' remuneration - none -
- Other executives' remuneration - none -

Chief Executive Officer

Person appointed by the Board of Directors to manage the Company's business to achieve the Board of Directors' objectives and goals, as well as to oversee the business for the most beneficial business operations to stakeholders in all aspects appropriately and fairly, including ensuring that general information and financial information of the Company are disclosed in accordance with good practice guidelines, and to have the responsibilities.

Each year, the Board of Directors will evaluate the Chief Executive Officer's performance to determine remuneration based on key performance indicators. Financial return measures such as Market Capitalization, Profitability (earnings before interest, taxes, and EBITDA Margin), Return on Equity, and Net Profit Margin, among others, are included. Salary and annual bonus based on real performance include the Chief Executive Officer's remuneration.

Duties and Responsibilities of the Chief Executive Officer

1. Manage the Company's operations in compliance with the policies, laws, goals, articles of association, meeting resolutions, shareholders, Board of Directors meeting resolutions, Executive Board meeting resolutions, and other relevant rules and regulations.
2. Capable of issuing instructions or taking other required and right actions to ensure the successful implementation of Clause 1 and, if necessary, reporting to the Board of Directors and/or Executive Board meetings.
3. Consider and approve employee recruitment, appointment, transfer, and dismissal, including merit, disciplinary measures, and deciding compensation and welfare, if the acts do not interfere with the Executive Director's power.

Preparation of a senior management succession strategy

The Company has devised a succession plan for senior executives to ensure that the Company has executives with the expertise and ability to carry out their responsibilities, as follows -

1. The Board of Directors has devised a strategy for developing executive potential to build a succession plan that includes all departmental Chief Officers.
2. The Recruitment and Compensation on Remuneration Committee evaluates each position's knowledge, competence, and experience to identify executives with the requisite qualities that can be passed down.
3. The Chief Executive Officer assesses qualified executives' performance and competence to the needed level of competence to create an individual development plan to close the Competency Gap.
4. Assign the Board of Personnel Management (Executive HR) to oversee the successor to the Deputy Chief Executive Officer's training and development of knowledge and abilities.
5. The Chief Executive Officer arranges for the rotation of responsibilities among executives with the right qualifications and assigns executives at the Deputy Chief Executive Officer level to attend Executive Board meetings to gain knowledge, experience, and readiness in managing the organization in the future.
6. Once a year, the Chief Executive Officer reports to the Recruitment and Compensation on Remuneration Committee on the performance and development of qualified executives in accordance with their individual development plans.
7. The Recruitment and Compensation on Remuneration Committee evaluates and summarizes the results of the Chief Executive Officer and Deputy Chief Executive Officer succession plans on a regular basis and reports to the Board of Directors once a year.
8. The Executive HR Committee has produced a chart and structure for the Chief Executive Officer's successor role, which presented to the Board of Directors in 2021.
9. To support the growth of top management talent, build development plans by hiring qualified and well-known external Executive Coaches.

Company Secretary

Miss Kalvarat Vithitamataya appointed as a company secretary by the Board of Directors to execute the following duties

1. Supervises and advises the Board of Directors and executives on different rules that the Board of Directors must understand and observe, including the Company's strong corporate governance standards.
2. Organizes meetings of the Board of Directors and shareholders.
3. Prepare and maintain various documents in accordance with applicable laws.
4. Other responsibilities as assigned by the Capital Market Supervisory Board.

Employees

On December 31, 2022, the company had 1,359 employees in total. In 2022, the company paid for its employees' benefits: salaries, overtime pay, bonuses, special help money, social security funds and provident fund, etc, costing 371,169,166 Baht in total. Other than this, its subsidiaries paid for their employees the same way as their parent company, costing 238,247,028 Baht in total. During these three years, the amount of employees has been changing as follows:

Company	2022			2021			2020		
	Daily	Monthly	Total	Daily	Monthly	Total	Daily	Monthly	Total
S. Khonkaen Foods PCL.	5	640	645	65	626	691	177	695	872
S. Pasusat Co., Ltd.	-	82	82	-	108	108	24	78	102
Mahachai Foods Co., Ltd.	301	331	632	296	320	616	258	292	550
Total	306	1,053	1,359	361	1,054	1,415	459	1,065	1,524

Welfare

The company emphasizes employee care, which is integral for the organization to keep growing sustainably. In the past years, important benefits and welfare were adjusted as follows:

- 1 Increasing limits and coverages of life and health insurances, extending health insurance offers to primary-level executives, and offering additional health insurance at special prices to help take care of employees' health more.
- 2 Amending marital welfare by offering it to every gender, not limited to only male and female and no need to register for a marriage certificate.
- 3 Amending the care package welfare and the baby delivery welfare to encourage happiness in families.
- 4 Adjusting the vehicle costs and the transport cost to correspond to the current cost of living.
- 5 Adjusting shift payment rates and diligence allowances.
- 6 Extending an insurance limit in case an employee or a person in his or her family dies.
- 7 Amending the phone call payment policy to fit its usage.

Provident Fund

The company has a policy to encourage its provident fund committee to select a fund manager who conforms to the Investment Governance Code: "I Code" for institutional investors and manages investments responsibly by caring for the factors of Environmental, Social, and Governance: "ESG". The investment governance should be well conformed to and the committee should declare the way it selects its fund manager to its members. This, as a result, leads to investment management in which its members' greatest benefits are taken into account long-term.

Company/Subsidiary	Total Monthly Employees	Employees Joining PVD (person)	Ratio of Employees Joining PVD/Total Employees (%)
S. Khonkaen Foods PCL.	630	452	71.75%
S. Pasusat Co., Ltd.	81	38	46.91%
Mahachai Foods Co., Ltd.	321	174	54.21%

Organization & People Development

S. Khonkaen aims to create sustainable growth by extending the capability limit of the organization long-term. It therefore places significant importance on building organizational culture, which is like the cornerstone of the company, bringing in a suitable management system, and continuously developing employees' knowledge and capability.

1. PLIPS Culture:

S. Khonkaen believes “people” are the basis for organizational development. If the employees are high-potential and happy, they can bring the organization to its determined target. Therefore, we established our organizational culture as a way for every employee to follow to create a good work environment, eventually bringing about the effectiveness of the operation and happiness of the employees.



PEOPLE FIRST

Dream Team
Building First,
Then What



LEARN FAST

Startup way -
Live to learn,
Building Mindset



INTEGRITY

Confront the brutal fact,
Manage by fact



PROACTIVE

Be a dreamer
and follow our dreams



SYNERGY

High standard
with Win-Win-Win mindset

2. Development of People: S. Khonkaen constantly arranges activities to develop the knowledge and capabilities of its executives and staff along with awareness of ethics and responsibility and additional responsibilities towards society.



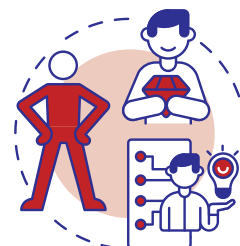
Average Training
8 hours
per capita per year



4,800 hours
for Staff Training
throughout the Year



55 curriculums
Staff Training throughout the Year



1,050,000 THB
Budget for Staff's
Potential Development

• Creation and Development of Organization Executives: Succession Plan

From 2022 on, S. Khonkaen has been determinedly creating and developing the succession plan, starting from high executives (CEO, C-Level, Director Level) and expanding to mid-level (GM-Level). Individual development plan: the IDP is being arranged as a tool to plan the development through verbal coaching and feedback for continuous self-learning and development.

• **Capability Development and Mutual Realization of the Executives**

S. Khonkaen arranges and determines the organization's strategies for the management team before furthering the determination of the Training Year Plan for effective development. It should correspond to the organization's direction through doing the strategic workshop with the high-level and mid-level executive teams before passing this on to the department-level managers and every staff member for thorough communication of the organizational direction.

• **Communication of Vision and Work Direction among the Executives**

S. Khonkaen arranges communication channels among the high-level and mid-level executives every month. The CEO and each function head communicate the direction for every executive to know, including updates of the main activities that affect the organization's common goals. The communication channels also act as the stage for brainstorming to quickly review important issues. This allows every department to always have knowledge and understanding in the same direction. Therefore, coordination between each department should be more effective to have common goals. Other than that, there are management workshops for the executives to brainstorm and exchange opinions. Management methods are discovered together, especially for the issues of strategies and organizational management. All of these are for creating understanding and determining the communication direction towards every level of the staff thoroughly in the same direction.

• **Employees' Capability Development in Accordance with their Organizational Culture**

S. Khonkaen places importance on developing the capabilities of its employees at every level. It focuses on laying the foundation of both theoretical knowledge and functional expertise. By providing both foundation courses and function courses that fit the job, its employees can choose them as appropriate and as per their interest. In 2022, its internal training curriculums can be divided as follows:

- On Board Program for New Employee
- Leadership Skills
- Business for New Normal Covid-19
- New Product Development
- Quality Standard System
- Safety Law
- Restaurant Service Management Program
- Service Excellence for Restaurants
- Organizational Culture Enhancement
- Soft Skill Development

3. 3. Sustainability Building with the LEAN System

Since 2020, S. Khonkaen has placed importance on using the LEAN management system continuously. This has brought fluid management on the whole and effective use of resources respectively. S. Khonkaen therefore uses the LEAN management system as an integral tool to build long-term sustainability for its organization. Especially important is developing the staff of every section related to the production process to have knowledge and understanding so that they can apply the LEAN system to their work effectively.

In 2022, as a result, the LEAN Steering Committee was appointed and a LEAN expert from the Technology Promotion Association Thailand-Japan (TPA) was invited to participate in fully driving the LEAN management system. The main activities to do so are as follows:

- **Muda Hunting** : The executives and staff together searched for and got rid of the processes which caused wastefulness. The work processes have therefore become more effective and good work environments were created. As a result, the employees work happily.
- **Value Stream Mapping (VSM)** : Together, the executives and staff analyzed the whole picture of the overall process, starting with the customers' perspective. They focused on improving the resource and information flow

throughout the supply chain. This can identify what to do to eliminate wastefulness and unnecessary steps for better workflow.

- **Zoning :** Together, the executives and staff surveyed the food production area to divide it into separate parts. This is to control food safety according to Good Manufacturing Practice and HACCP. Cross-contamination of microbes, chemicals, and other dangerous stuff should be prevented from passing from the staff, production appliances, liquid, air, and dust.

- **Creating and Developing through Real Hands-on:** Activities to support and increase productivity were arranged to boost the staff's capacities as good and smart people who were happy at work. Three main activities were arranged to develop and improve the staff, which include 5S, Kaizen, and QC Story



4. Business Network Support and Knowledge Exchange with Outside Organizations

Throughout 2022, S. Khonkaen had the chance to open its organization to welcome people from other organizations to see its atmosphere, exchange perspectives, and also work concepts in the S. Khonkaen style. S. Khonkaen also went out to share experiences and educate external people from students to the general audience in many curriculums. These activities correspond to the company's vision to build a valuable supply chain of sharing in the business world. They are also work done for the benefit of society. The details of the activities are as follows

- S. Tower Open House, introducing 'ttb Digital Lean generation 17' to share the story of experiences of building a Smart building and Culture transformation in practice.
- Welcoming the 'Personnel Management Association of Bangplee' to share their experiences of human resource management and staff care through the Digital Platform: SOR Coin, driven by the organizational culture 'PLIPS'.
- Welcoming the executives and staff from 'Win Chance Food' company to share perspectives on Culture Transformation: People & Digital. This is to create a network of food business organizational development for them to be stable and sustainable throughout the crisis and change.



- A visit by the MASTER OF SCIENCE PROGRAM IN FOOD SCIENCE FOR NUTRITION (INTERNATIONAL PROGRAM) from the Institute of Nutrition Mahidol University. They visited and observed the food production innovation at our S. Khonkaen factory in Bangplee
- Experience the sharing of human resource management in 'HR Experience Forum 2022' by Money Class under the topic HeRo Revolution, Transform Life Talent with Well-Being
- Support for the 'Marketing Trainee generation 35' project by the Marketing Association of Thailand to support and help to create a new generation of marketers for the industry
- Cooperation between the marketing executives from S. Khonkaen and the Faculty of Architecture and Planning Thammasat University to hold the 'Marketing Plan from Real Business Problems Contest' project. This was for the fourth year students of Design, Business, and Technology Management (English Program) in the subject "Social Innovation and Social Entrepreneurship".
- Executive Vice Chairman sharing knowledge and experiences in the curriculum 'TEN X: Transformational Executive Network for Exponential Growth', which originated from the cooperation between The Thai Chamber of Commerce, Board of Trade of Thailand, University of the Thai Chamber of Commerce, and DeOne Academy. This provided the executives who play an important role in driving the transformation an arena for mutual learning. It also created a society of learning which extended the capability limit of the competition of organizations in Thailand to be at the same level with the international level.
- Executive Vice Chairman sharing experiences of doing business in the seminar 'Heir of Distributor generation 11' by THAI YAMAHA MOTOR COMPANY LIMITED.
- Executive Chairman sharing experiences in the talk 'Changing Point of View for Different Business Generations' by KBank to talk about success stories and problem solving during the crisis, which can make businesses sustainable in an uncertain world.

Auditor's Remuneration

1. Audit Fee

In 2022, the Company paid audit fees to two auditors, namely:

- EY OFFICE COMPANY LIMITED 3,910,000 Baht
- Ms. Chorsuda Jitchawanan 21,000 Baht

Auditors		Company Name	Audit fee (Baht)
Name	Auditor No.		
S. Khonkaen Foods Public Company Limited			
1. Miss Pimjai Manitkajohnkit and/ or	4521	S. KHONKAEN FOODS PUBLIC COMPANY LIMITED	1,700,000
2. Miss Rosaporn Decharkom and/ or	5659		
3. Miss Sumana Punpongsanon and/ or	5872		
4. Miss Orawan Techawatanasirikul	4807		
Subsidiaries			
1. Miss Pimjai Manitkajohnkit and/ or	4521	S. PASUSAT COMPANY LIMITED	630,000
2. Miss Rosaporn Decharkom and/ or	5659	MAHACHAI FOODS COMPANY LIMITED	1,500,000
3. Miss Sumana Punpongsanon and/ or	5872	S K K FOOD COMPANY LIMITED	40,000
4. Miss Orawan Techawatanasirikul	4807	S. KHEHAKARN COMPANY LIMITED	40,000
Ms. Chorsuda Jitchawanan	12576	SOR. TRAINING CENTER COMPANY LIMITED	7,000
		S. KHONKAEN HOLDING COMPANY LIMITED	7,000
		S. KHONKAEN CUISINE (THAILAND) COMPANY LIMITED	7,000
Total audit fees			3,931,000

2. Non-Audit Fee

- The observation fee for product destruction in S. Khonkaen Foods Public Company Limited is 15,000 Baht
- Future remuneration arising from agreements that were not completed in the previous fiscal year - None -

Key Performances in Corporate Governance

Key Performances in Corporate Governance

A summary of the Board of Directors' performance over the last year.

Recruiting, developing, and evaluating the Board of Director's performance

The Board of Directors of the Company has relevant business and industry experience, understands business barriers, and can operate effectively, creating a competitive advantage in the industry, and presenting views and useful visions in business operations, including various risks related to the Company's business. Furthermore, all company directors are qualified and do not possess any prohibited characteristics as defined by the laws governing public limited companies and securities and exchanges.

As for the Independent Directors meet all the qualifications according to the Notification of the Capital Market Supervisory Board No. 2 ("Thor Jor. 4/2009").

Evaluation of the Board of Directors performance

The Board of Directors requires the individuals and the Board of Directors' self-assessment assessed annually to serve as a scope for reviewing the performance of duties to ensure that good practice has conducted or not, to improve the performance of the Board of Directors in accordance with the policies established, as well as to review the problems and obstacles encountered in the previous year, the following processes were used.-

1. The Recruitment and Compensation on Remuneration Committee examines the evaluation form to ensure that it is accurate, complete, and follows the rules established by the Audit and Corporate Governance Committee.
2. At the end of each year, the secretary of the Board of Directors sends an assessment form to all directors for self-assessment, collects the information, and reports a summary of the assessment results to the Board of Directors meeting, along with discussing guidelines for future development.

The assessment of the Board of Directors' performance for the year 2022 consists of individual assessments and individual assessments by committee evaluations, with a total of six assessment topics.

1. Structure and Qualifications of the Board of Directors
2. Roles, duties, and responsibilities of the Board of Directors
3. Board meeting
4. Duties of Directors
5. Relationship with Management Executive
6. Director's Self-development and Executive Development

The evaluation results with an **average score of 89.79 percent**, implying that the structure of the Board of Directors and the qualifications of the directors are appropriate for the nature of business and the size of the Company's income, assisting the overall performance of the Board of Directors to be efficient. In each meeting, the Board of Directors places a high value on the consideration of various agendas and compliance with relevant rules at each meeting. During the meeting, the directors express their opinions independently and constructively based on their acceptance of differing opinions.

The assessment of an individual Board of Director' performance consists of three assessment topics

1. Structure and Qualifications of the Board of Directors
2. Board meeting
3. Roles, duties, and responsibilities of the Board of Directors

With the average **assessment result 89.20%**, of which assessment result can be concluded that in overall view, every Director has the good knowledge and understanding in his role, duties and responsibilities in his status as

Key Performances in Corporate Governance

Director with the good knowledgeable understanding in the organization and the factors affecting the Company's business thus has duly performed his Directorship duties carefully and appropriately.

Apart from the above performance assessment of the Company's Board of Directors, each sub-committee has also made the assessment of its performance and reported the assessment result to the Board of Directors every year.

The subcommittees' self-evaluation criteria divided into three categories.

1. The Board of Directors' structure and qualifications are appropriate for the Board's efficient operation.
 2. Subcommittee meetings have taken the following actions to enable committees to perform their duties in meetings more efficiently.
 3. The subcommittees' roles, duties, and responsibilities have considered, reviewed, and given adequate time.
- The following are the results of the subcommittee performance appraisals on a per-faculty basis in 2022.

	Average score as a percentage
1. Audit and Corporate Governance Committee	85.33
2. Recruitment and Compensation on Remuneration Committee	95.00
3. Risk Management Committee	70.83

The self-assessment of individual committees consists of three assessments'

1. Structure and Qualifications of the Board of Directors
 2. Board meeting
 3. Roles, duties, and responsibilities of the Board of Directors
- The following are the results of the individual performance assessments of the subcommittees in 2022

	Average score as a percentage
1. Audit and Corporate Governance Committee	84.09
2. Risk Management Committee	71.98

** Note : Recruitment and Compensation on Remuneration Committee has not be evaluated.

Senior Executive performance appraisal form - Chief Executive Officer (CEO) divided into 10 topics

1. Leadership
2. Strategy Formulation
3. Strategy Implementation
4. Financial Planning and Performance
5. Relationship with the Board of Directors
6. Relationship with the third party
7. Management and relationship with personnel
8. Succession
9. Knowledge of Products and Services
10. Personal Characteristic

The following are the results of the Chief Executive Officer's performance assessment in 2022

	Average score as a percentage
1. Chief Executive Officer - International Business	89.03
2. Chief Executive Officer - Domestic Business	90.53

Recruitment / Nomination of Directors and Top Executives

Guidelines and Procedure in Appointment of New Directors and Top Executives

In the case of vacant positions of the Company's Directors and Top Executives, the Company has the guidelines and procedure in transparent recruitment / nomination of Directors and high-level executives, namely the Recruitment and Compensation on Remuneration Committee will be performing duties in consideration of recruitment / nomination of new Director(s) and Top Executive(s) with the guidelines i.e. consideration to be based on qualifications, knowledge, abilities, work experience, skills as lacked in the Company's Board of Directors and Top Executives regardless of gender and ready to devote time for full performance of duties including do not have characteristics prohibited by law and good corporate governance, of which relevant appointment of the Company's Directors will be partially considered from the data base of the Director Pool or the consultant company (Professional Search Firm) as the case may be which will create variety in the structure of the Board of Directors with the consideration of the needful skills as still lacked in the Company's Board of Directors and business strategy, e.g. in case the Company has the strategy in doing new business additional to the existing business in operation, the recruitment / nomination of the new Director is thence needed to recruit the qualified person with experience matching the new business that the Company will be proceeding further for proposal to the Company's Board of Directors and / or the Shareholders' Meeting for consideration and approval as the case may be which is deemed the procedure in appointment of the Company's Board of Directors.

A. Guidelines and Method of Recruitment and Election of Directors

1. The Recruitment and Compensation on Remuneration Committee has the duties in recruitment and selection of the appropriately qualified persons and proposes to the Company's Board of Directors to consider election or proposes for election approval to the Shareholders' Meeting in accordance with the Company's Articles of Association.

2. In consideration of the election of the original Director to remain in office for another term, the Recruitment and Compensation on Remuneration Committee will consider various factors including work performance, record of the meeting attendance and support of the activities of the Company's Board of Directors, of which case of the Independent Director to consider also the free being of that particular Independent Director.

3. The election of the Directors will be in accordance with the Company's Articles of Association and the relevant legal requirements which must be transparently clear and proceeded through the Recruitment and Compensation on Remuneration Committee as based on the guidelines and method of election of the Directors at the Shareholders' Meeting as follows :

1) One shareholder has the vote equivalent to the number of shares held, i.e. one share one vote.

2) Each shareholder must utilize all his possessed shares according to 1) to elect one person or several persons to be the Company's Directors is permitted but to split the votes to any particular person more or less is not permitted.

3) The Director election vote casting will be based on the majority votes as the judging criteria. If the votes are equal, the Chairman of the Meeting will cast the vote as the decisive voice.

At every Ordinary Shareholders' Meeting, one third of the Directors are required to leave the position. If the number of Directors to be split leaving the position is not exactly one third, thence to leave by the nearest number of one third by the Directors who have been in office the longest to leave office. The retired Directors by rotation may be re-elected to remain in office if considered approved by the Shareholders. In case of the re-election of the Company's Directors, the Recruitment and Compensation on Remuneration Committee will recruit / nominate the qualified persons with appropriate knowledge and abilities to be in the position.

Key Performances in Corporate Governance

In case of the Company's Board of Directors becoming vacant due to other causes other than retirement by rotation, the Company's Board of Directors is required to consider to select the person(s) with qualifications and characteristics not prohibited by the law to be the superseding Director(s) in replacement at the next coming meeting of the Board of Directors except the office term of the relevantly retired Director remains less than 2 months placing the person to be the superseding Director in replacement for the remaining office term period of the superseded retired Director, on which basis the resolution of the election of the person to be the said superseding Director in replacement must receive votes not less than three fourth of the remaining number of the Directors. As for the Shareholders' Meeting in 2022, the Company has opened opportunity for the Shareholders to propose the list of the appropriately qualified persons to be elected to be the Company's Directors for the Company's Board of Directors to consider in advance from the months of October – December 2021, which so far no any shareholder has proposed the person to be considered for election to be the Director.

B. Nomination of Senior Executives

The Chief Executive Officers consider the appropriate person for the appointment of senior management of the Company.

Meeting Attendance

The Company's Board of Directors has appointed the Company Secretary to perform duties of arrangement of meetings of the Company's Directors and Independent Directors including the Shareholders' Meeting and preparing the relevant meeting minutes throughout the documents storage specified by the law and giving advice about the rules & regulations that the Board of Directors needs to know and oversees the activities of the Company's Board of Directors including the coordination in the assignments following the Board of Directors' resolutions.

The Meetings of Board of Directors of the Company

The Company's Board of Directors sets to hold at least 6 meetings in a year and will hold the special meeting(s) if deemed necessary, of which past year 2022 the Company's Board of Directors has held altogether 7 meetings with the meeting schedules to be considered in advance throughout the year to ensure that all the Directors are able to allocate time to attend the meeting in unison. The meeting invitation letter is composed of the meeting agenda details and supporting meeting documents will be delivered to the Directors well in advance before the meeting date to enable each Director to have ample time to study the data well in advance.

The directors present at the meetings were as follows :-

Directors	Position	Number of Attending/ Meeting
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	7/7
2. Dr. Charoen Rujirasopon	Director and Chairman of the Executive Committee	7/7
3. Mr. Worapon Lopansri	Director and Independent Director	7/7
4. Mr. Prasarn Marukpitak	Director and Independent Director	7/7
5. Mr. Chusak Vijakkhana	Director and Independent Director	7/7
6. Mr. Charoenphan Phantumongkol	Director and Independent Director	7/7
7. Miss Panchama Vipamas	Director and Independent Director	7/7
8. Dr. Ake Pattaratanakun	Director and Independent Director	4/4

Directors	Position	Number of Attending/ Meeting
9. Mrs. Niramom Rujirasopon	Director and General Vice Chairman of Executive Committee – General Affairs	7/7
10. Mr. Jaraspon Rujirasopon	Director and Vice Chairman of Executive Committee - Foreign Affairs	7/7
11. Mr. Jarunpoj Rujirasopon	Directors	7/7
12. Mr. Thanakrit Rujirasopon	Director	7/7
13. Mrs. Siriluck Chaiwattanaprapa	Director	3/3

Remark : Dr. Ake Pattaratanakun has been in the position of Director since the date of 11 August 2022 in replacement of Mrs. Siriluck Chaiwattanaprapa who has requested to resign from the position of Director since the date of 11 August 2022.

In every meeting of the Company's Board of Directors, the Company Secretary will be attending the meeting to record the meeting minutes and submits them for adoption to the subsequent meeting and also files information or documents related to meetings

The Meeting of Independent Directors

The Independent Directors has the meeting at least once a year without Executive Directors' participation for giving them the opportunity in discussing various aspects about the Company's business and matters of their interests independently, of which the past year they have held one meeting with the relevant meeting schedule to be considered in advance to ensure that all Director who are not the Executive Directors will be attending the meeting in unison.

In 2022, the Company's Independent Directors held 1 meeting in total. The directors present at the meeting as follows:-

Directors	Position	Number of Attending/Meeting
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	1/1
2. Mr. Worapon Lopansri	Independent Director	1/1
3. Mr. Prasarn Marukpitak	Independent Director	1/1
4. Mr. Chusak Vijakkhana	Independent Director	1/1
5. Mr. Charoenphan Phantumongkol	Independent Director	1/1
6. Miss Panchama Vipamas	Independent Director	1/1
7. Dr. Ake Pattaratanakun	Independent Director	-/-

Remark : Dr. Ake Pataratanakun has been in the position of Independent Director since the date of 25 September 2022.

Key Performances in Corporate Governance

The Meeting of Other Sub-Committees

Audit and Corporate Governance Committee

In 2022, the meetings were held four times with the management of the internal audit unit and the auditor to report on the performance of duties and make recommendations to the Board of Directors on matters deemed appropriate on a quarterly basis. The directors who attended the meeting were as follows.

Audit and Corporate Governance Committee	Position	Number of Attending/Meeting
1. Mr. Worapon Lopansri	Chairman of the Audit and Corporate Governance Committee	4/4
2. Mr. Prasarn Marukpitak	Audit and Corporate Governance Committee	4/4
3. Mr. Chusak Vijakhana	Audit and Corporate Governance Committee	4/4

The Meeting of the Recruitment and Compensation on Remuneration Committee

In 2022, the Recruitment and Compensation on Remuneration Committee held 2 meetings in total. The committee members present at the meetings were as follows :-

The Recruitment and Compensation on Remuneration Committee	Position	Number of Attending/Meeting
1. Mr. Charoenphan Phantumongkol	Chairman of the Recruitment and Compensation on Remuneration Committee	2/2
2. Mr. Chusak Vijakhana	Recruitment and Compensation on Remuneration Committee	2/2
3. Dr. Charoen Rujirasopon	Recruitment and Compensation on Remuneration Committee	2/2

Risk Management Sub-committee

In 2022, there was a total of one meeting with the following members of the Risk Management Sub-committee in attendance.

Risk Management Committee	Position	Number of Attending/Meeting
1. Mr. Jarunpoj Rujirasopon	Chairman of the Risk Management Committee	1/1
2. Mr. Chusak Vijakhana	Risk Management Committee	1/1
3. Mr. Jaraspon Rujirasopon	Risk Management Committee	1/1
4. Mr. Sakda Kanajaroen	Risk Management Committee	1/1
5. Mrs. Keanapa Jittiruangvichai	Risk Management Committee	1/1
6. Mr. Vorapod Gitsinthopchai	Risk Management Committee	1/1
7. Mr. Kati Kosanuntachai	Risk Management Committee	1/1
8. Mr. Sarun Yansopaninan	Risk Management Committee	0/1

Directors Remuneration

Name	Position	Directors Remuneration (Baht)	Allowance (Baht)				Total (Baht)
			Board of Director	Audit and Corporate Governance Committee	Risk Management Committee	Recruitment and Compensation on Remuneration Committee	
Dr. Thanong Bidaya	<ul style="list-style-type: none"> Chairman of the Board of Directors Independent Director 	126,500	210,000	-	-	-	336,500
Dr. Charoen Rujirasopon	<ul style="list-style-type: none"> Director Chairman of the Executive Committee Recruitment and Compensation on Remuneration Committee Member 	77,000	-	-	-	-	77,000
Mr. Worapon Lopansri	<ul style="list-style-type: none"> Director and Independent Director Chairman of the Audit and Corporate Governance Committee 	115,000	105,000	80,000	-	-	300,500
Mr. Prasarn Marukpitak	<ul style="list-style-type: none"> Director and Independent Director Audit and Corporate Governance Committee Member 	104,500	105,000	60,000	-	-	269,500
Mr. Chusak Vijakkhana	<ul style="list-style-type: none"> Director and Independent Director Audit and Corporate Governance Committee Member Risk Management Committee Member Recruitment and Compensation on Remuneration Committee Member 	104,500	105,000	60,000	15,000	30,000	314,500
Mr. Charoenphan Phantumongkol	<ul style="list-style-type: none"> Director and Independent Director Chairman of the Recruitment and Compensation on Remuneration Committee 	104,500	105,000	-	-	40,000	249,500
Ms. Panchama Vipamas	<ul style="list-style-type: none"> Director Independent Director 	104,500	105,000	-	-	-	209,500

Key Performances in Corporate Governance

Name	Position	Directors Remuneration (Baht)	Allowance (Baht)				Total (Baht)
			Board of Director	Audit and Corporate Governance Committee	Risk Management Committee	Recruitment and Compensation on Remuneration Committee	
Dr. Ake Pattaratanakun	• Director • Independent Director	-	60,000	-	-	-	60,000
Mrs. Niramorn Rujirasopon	• Executive Director	77,000	-	-	-	-	77,000
Mr. Jaraspon Rujirasopon	• Executive Director • Risk Management Committee Member	71,500	-	-	-	-	71,500
Mr. Jarunpoj Rujirasopon	• Executive Director • Risk Management Committee Member	71,500	-	-	-	-	71,500
Mr. Thanakrit Rujirasopon	• Executive Director	71,500	-	-	-	-	71,500
Mrs. Siriluck Chaiwattanaprapa	• Director	71,500	-	-	-	-	71,500
Total		1,100,000	795,000	200,000	15,000	70,000	2,180,000

Remark : *Annual Directors Remuneration paid from operation result of 1 January 2022 to 31 December 2022

Supervision of Subsidiaries and Associated Companies

The Company has established regulations for the subsidiary to follow in order for it to comply with the following critical issues.

1. Connected transactions, asset acquisition or disposition, or any other significant transactions of such companies must be complete and correct and must follow the rules for disclosure and transactions outlined above, using the same criteria as the Company.
2. The subsidiaries must use the same accounting policies and standards as the Company, including storage and accounting records, so that the Company can audit and collect them to prepare the consolidated financial statements on time.
3. To create unity among the affiliates, the same personnel management policy as the Company must be applied. The Company has a policy that allows the Company's directors to oversee and control the subsidiary's operations to supervise management in accordance with the Company's policy. Furthermore, companies in the group meet monthly to discuss operating results, plan work, and set goals for each new investment venture. In the case of adding a new business line, the Company will consider the expertise of each company and have a company with expertise in the said business as a participant, with the parent company acting as the operator of the investment.
4. Follow the Company's corporate governance principles, such as the Good Corporate Governance Policy, the Code of Business Conduct Policy, the Corporate Risk Management Policy, and the Anti-Corruption Policy, among others.

Compliance with corporate governance policies and practices is monitored to ensure that they are followed.

Prevention of conflicts of interests

The Company is dedicated to operating with honesty, integrity, clarity, and responsibility in all aspects of its operations; therefore, to avoid misuse of authority or improper behavior that could lead to personal exploitation or

a conflict of interest that could harm the Company's reputation. As a result, the corporation mandates all workers to abstain from any act that could create a conflict of interest during the Board of Directors' meeting. If any director has a conflict of interest in the agenda under consideration, they must abstain from voting on it.

Supervision of the use of internal information

All of the Company's shareholders must be treated equally and is fair according to existing fundamental rights so the Company has policies and guidelines for supervising the use of internal information of the Company to find benefits for themselves or other people in an unfair way, which may cause damage to shareholders as a whole.

1. Provide a policy on management and disclosure of internal information to provide material information on price changes or the value of the securities has been properly disclosed to the public. Not against the law and related regulations the directors, executives and employees of the Company are forbidden and subsidiary Disclosure of internal information of the Company. Subsidiary company to outsiders or other persons who do not act to prevent misuse of inside information. The directors, executives and all employees follow the same guidelines. This policy will cover how to deal with inside information. Sort of internal information must be disclosed including the methods used to disclose inside information
2. Provide regulations on securities trading which requires directors, executives to prepare and submit reports securities holding and trading in the Company's securities within the specified criteria and period, and the Company has set a prohibition period for trading the Company's securities, namely
 - A. Before the date that the Company has disclosed financial statements for at least 1 month.
 - B. After the date the Company has disclosed the financial statements for at least 3 days.

Securities holding of directors and executives.

No	Directors	Number of shares			Remark
		30/12/2565	30/12/2564	Increase / (Lower)	
1	Dr. Charoen Rujirasopon	98,981,860	98,981,860	-	Mrs. Niramon Rujirasopon
	Spouse	45,403,550	45,403,550	-	
	Minor children	-	-	-	
2	Mrs. Niramon Rujirasopon	45,403,550	45,403,550	-	Mr. Charoen Rujirasopon
	Spouse	98,981,860	98,981,860	-	
	Minor children	-	-	-	
3	Mr. Jarunpoj Rujirasopon	14,133,580	14,063,580	70,000	
	Spouse	-	-	-	
	Minor children	-	-	-	
4	Mr. Jaraspon Rujirasopon	13,850,580	13,850,580	-	
	Spouse	-	-	-	
	Minor children	-	-	-	
5	Ms. Panchama Vipamas	113,750	113,750	-	
	Spouse	-	-	-	
	Minor children	-	-	-	

Key Performances in Corporate Governance

No	Directors	Number of shares			Remark
		30/12/2565	30/12/2564	Increase / (Lower)	
6	Mr. Woraphon Lophansri	80,000	80,000	-	
	Spouse	-	-	-	
	Minor children	-	-	-	

Anti-Corruption

The Company has the intention and determination to against all forms of corruption. This is to make decisions and business operations of the Company. Corruption risks may be considered and treated appropriately as well as build confidence for the Company's stakeholders. The Company has established a Risk Management Committee to assess, analyze and determine measures to manage business risks and corruption. Including establishing an internal control system and effective inspection as well as establishing an anti-corruption policy by defining responsibility and appropriate guidelines for preventing corruption in all activities and communicate the said policy to the Board of Directors, executives, employees, and internal and external stakeholders for acknowledgment. As a guideline for common practice in conducting business with transparency and fairness.

In 2017, the Company was certified by the Thai Private Sector Collective Action Coalition against Corruption (CAC). As a member of the Action Coalition Project this shows our commitment and determination to combat all forms of corruption. In 2020, the Company has been considered for renewal of the certificate. (Recertification) from the Thai Institute of Directors Association (IOD) which confirms the intention of the Company to be determined to continually against corruption.

Whistleblowing

The Company has given employees the opportunity to stakeholders or outsiders who have clues about illegal actions, codes of conduct or behaviors that may imply corruption or misconduct or received unfairness from the performance of employees, or found a defective internal control system of the Company Able to report clues to the Company as follows:

Send electronic mail	whistleblow@sorkon.co.th
Send a postal letter to	Chairman of the Audit and Corporate Governance Committee S. Khonkaen Foods Public Company Limited. 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road, Vadhana, Bangkok 10110 or put in the Company's the comment box.

Consideration of complaints or clues

1. Complaints or clues received will be treated confidentially. And the name of the complainant will not be publicly disclosed without their consent. Including the complainant or the person who cooperates in the investigation of facts or the source of the information or the person concerned will be protected with their rights with regard to safety as the primary concern.
2. Set up a process to investigate facts and respond to complainants within a reasonable period of time. This depends on the adequacy of the information and the complexity of each subject as follows
 - 1) Office of Human Resource Management and The organization registers complaints received from the Audit and Corporate Governance Committee chairman or from other chances.
 - 2) Office of Human Resource Management and the organization notifying the matter to the Chairman of the Executive Committee or the Audit and Corporate Governance Committee to appoint an

investigative committee (Except the Office of Human Resource Management and the organization is the one who is complained or accused The Chairman of the Audit and Corporate Governance Committee or the person assigned by notify the matter directly to the Chairman of the Executive Committee to appoint a working group to investigate.)

3. Establish a main investigative committee, according to the regulations for employees who commit wrongdoing and the Associate Investigation Committee as appropriate in each case.
4. Investigation Committee conduct an investigation by gathering information and documentary evidence, including investigating those involved to draw conclusions. Then the responsible unit prepares a summary report to be presented to the Executive Chairman or Compliance Committee to consider and order the report is divided into two parts.

Part 1 Summary of fact-checking results and penalties, the Office of Human Resources Management and the Organization shall be responsible.

Part 2 New operating procedures and procedures for controlling and monitoring work to the agency that has been complained or accused and the Office of Human Resources and Organization Management is responsible.

- 5) When the Chairman of the Executive Committee or the Compliance Committee has considered and ordered for the investigation committee to expedite the implementation of the order. In the case of an order for disciplinary action, the Office of Human Resources Management and the organization shall be responsible for the punishment according to the rules and regulations. The Company's Articles and in the event that a legal sanction is ordered, the Legal Department is responsible for taking legal proceedings.
- 6) When the order has been completed, the Office of Human Resources Management and Organizations shall proceed as follows^๓
 - Close the complaint and notify the response to the complainant.
 - Prepare a summary report of the performance to be presented to the Chairman of the Executive Committee or Compliance Committee, and Chairman of the Audit and Corporate Governance Committee.
- 7) To provide units examine internal and new operational procedures established to assess adequacy, efficiency and effectiveness of controls. Including giving suggestions for improving the internal control system to be more concise and report to the Chairman of the Executive Committee and the Audit and Corporate Governance Committee.

Report from the Audit and Corporate Governance Committee

Dear Shareholders,
S. Khonkaen Foods PCL.

The Audit and Corporate Governance Committee of S. Khonkaen Foods PCL. consists of three independent members who are experts with experience in Accounting and Finance, namely Mr. Worapon Lopansri, as Chairman of the Audit and Corporate Governance Committee, and Mr. Prasarn Marukpitak and Mr. Chusak Vijakkhana as members of the Audit and Corporate Governance Committee. All members of the Audit Committee's composition and qualifications are based on the regulations of the Stock Exchange of Thailand (SET).

The Audit and Corporate Governance Committee met four times in 2022, with all members present each time. The Committee has worked with management, internal auditors, and the external auditor to provide a quarterly report to the Board of Directors on the Committee's performance and recommendations, as appropriate. The Committee's major tasks are summarized as follows:

1. Review of the Financial Report

The Audit and Corporate Governance Committee has reviewed the quarterly and annual financial statements for the year 2022, which have been reviewed and audited by the external auditors to ensure that the financial statements are prepared in accordance with the accounting standards or generally accepted accounting principles, contain adequate disclosure, and are presented to the Board of Directors for approval. Additionally, the Committee discussed with the management and the external auditors to address key accounting issues.

The Audit and Corporate Governance Committee meets with external auditors without the management to discuss the independence of the external auditor in performing its duties, significant deficiencies in the internal control system, and management's cooperation in providing supporting information for accurate and timely financial report preparation.

2. Review of the Internal Control System

The Audit and Corporate Governance Committee recognizes the importance of an effective internal control system by reviewing and evaluating the internal control system in conjunction with the Internal Audit Department, which employs the evaluation form of the Office of the Securities and Exchange Commission (SEC) and the COSO-Internal Control Integrated Framework. In the Committee's opinion, the Company has a proper and adequate internal control systems which allows the operation to efficiently achieve its goals and objectives in compliance with the laws and relevant requirements to prevent fraud and damage on assets, and to produce accurate and reliable accounting records and reports.

3. Review of Risk Management

The Audit and Corporate Governance Committee reviewed the Company's risk management procedures to ensure that they are adequate and efficient. The Company has disclosed these risks in the Annual Report.

4. Review of Law Compliance

The Audit and Corporate Governance Committee has reviewed the Company's compliance with the laws governing securities and exchange and the Stock Exchange of Thailand's (SET) regulations and other relevant regulatory authorities, as well as rules and laws relating to the Company's business.

5. Review of the Corporate Governance Committee

The Audit and Corporate Governance Committee has reviewed the Company's operations to ensure that the Corporate Governance System is efficient, adequate, and appropriate, and has approved the review and improvement of the good corporate governance policy in accordance with the Company's good corporate governance principles from the Securities and Exchange Commission's 2017 listing (SEC). The Company has adhered well to the policy.

In 2022, the Audit and Corporate Governance Committee recommended its best practices to the Board of Directors on various topics, including supervising subsidiaries/associated companies, information technology governance, and promoting board participation. This serves as the performance guidelines for the duties and responsibilities in accordance with the international standards of good corporate governance principles.

In addition, the Company participated in the "Thai Private Sector Collective Action Coalition Against Corruption (CAC)" by announcing its intention in May 2014. The CAC Committee accepted the Company as a member

of the Collective Action Coalition project in March 2017, showing its commitment and determination to fight all forms of corruption. In 2020, the Company received a recertification from the Thai Institute of Directors (IOD), and in 2022, the Company prepared to apply for the second renewal of the certificate, reflecting the Company's dedication to anti-corruption efforts. The Audit and Corporate Governance Committee has assigned an internal audit unit to review compliance with anti-corruption measures.

6. Selection and proposal for the appointment of external auditors.

The Audit and Corporate Governance Committee considers the selection, the appointment, the termination, and the compensation of the Company's annual auditors and submits these items to the Board of Directors for approval, reporting at the annual shareholders' meeting with a resolution to appoint EY Office Co., Ltd. as the external auditor of the Company and its subsidiaries, based on the qualifications, competence, experience, and performance, as well as the appropriateness of the audit fee.

7. Review of connected transactions or transactions that may have conflicts of interest.

The Audit and Corporate Governance Committee has reviewed connected transactions or transactions that may have conflicts of interest to ensure that the Company has properly treated and disclosed them in accordance with the rules and regulations of the relevant regulatory authorities before presenting them to the Board of Directors and/or shareholders according to the size of the transaction to be rational and transparent.

8. Others

- 8.1 The Audit and Corporate Governance Committee has revised the Committee's charter which is in compliance with the relevant practices and legislations. Furthermore, their performance has been examined individually and as a whole to ensure their compliance with the good practice guidelines set by the Stock Exchange of Thailand.
- 8.2 The Audit and Corporate Governance Committee has reviewed the formulation of anti-corruption measures, including the establishment of channels for whistleblowing or complaints that are sufficient and appropriate for effectively preventing, controlling, or resolving problems caused by wrongdoing and corruption. Furthermore, the Anti-Corruption Policy and Manual have been updated to reflect the Good Practices in compliance with the standards of the Corporate Governance Report of Thai Listed Companies (CGR).
- 8.3 The Audit and Corporate Governance Committee reviewed and approved the risk-based 2022 Internal Audit Plan, as well as the independence and adequacy of resources required for the internal audit department's operations, as well as reviewing the results of internal audits and monitoring the progress of operations on a quarterly basis.

In conclusion, the Audit and Corporate Governance Committee conducts its duties autonomously, using knowledge, competence, and care, and acting prudently in line with the scope of duties given by the Board of Directors. In the Committee's opinion, the internal control system, the risk management system, and the good corporate governance are effective and efficient and in compliance with the related laws and authorities.



(Mr. Worapon Lopansri)

Chairman of the Audit and Corporate Governance Committee



(Mr. Prasarn Marukpitak)

Audit and Corporate Governance Committee Member



(Mr. Chusak Vijakkhana)

Audit and Corporate Governance Committee Member

Report from the Risk Management Committee

Dear Shareholders,

S. Khonkaen Foods PCL.

S. Khonkaen Foods PCL. has promoted its own performance to be efficient in terms of good corporate governance, excellent management, and conducted its business with social responsibility, fairness, transparency, and accountability. The Company aims to maximize the interest of shareholders while taking into account all stakeholders to build trust and sustainable growth and leverage its corporate governance to meet the international standards, guidelines, and principles of the regulatory authorities.

As a result, the Board of Directors has established a Risk Management Committee to define the risk management framework, policies, procedures, and plan, as well as evaluate the business risk and corruption risk. The Committee has also established control and prevention measures and developed risk management plans, in addition to supervising, supporting, monitoring, and assessing the efficiency of risk management processes, all of which are reported to the Board of Directors.

The Risk Management Committee met once in 2022 and summarized the key aspects of its operations as follows:

1. Review and update the Risk Management Committee Charter by increasing the roles, duties and responsibilities of policy formulation and oversight to have an effective anti-corruption support system as mentioned in the Anti-Corruption Policy.
2. Revise the organization's risk management policy and manual by adding the definition of "Fraud Risk" and the criteria for assessing corruption risk in terms of impact criteria, likelihood criteria, and risk map.
3. Review the risk management process and related documents, including risk information in both business and corruption, to be consistent and appropriate with the current situation for information management, control, monitoring, evaluation, and effective improvement. The company has reported its risk management results to the Board of Directors and shareholders for their acknowledgement.
4. Monitor and evaluate the implementation plan outlined in the Corporate Risk Register and the Corruption Risk Register to ensure systematic and effective risk management throughout the organization and the achievement of its goals.
5. Evaluate their performance as an individual and as a group to ensure compliance with the Company's Risk Management Committee Charter.

From the aforementioned operations, the Risk Management Committee is confident that the Company's risk management is effective, with an adequate and appropriate internal control system aligned with good corporate governance guidelines.

On behalf of the Risk Management Committee



(Mr. Jarunpoj Rujirasopon)
Chairman of Risk Management Committee

Report from the Recruitment and Compensation on Remuneration Committee

Dear Shareholders,
S. Khonkaen Foods PCL.

The Board of Directors of S. Khonkaen Foods PCL. has appointed the Recruitment and Compensation on Remuneration Committee by having Mr. Charoenphan Phantumongkol as Chairman, in addition to Mr. Chusak Vijakkhana and Dr. Charoen Rujirasopon as its members with the duties to nominate and consider remuneration for the directors and Managing Director/Chief Executive Officer to ensure transparency and fairness.

In 2022, the Recruitment and Compensation on Remuneration Committee met twice to consider various matters with the following summaries: as an item on the agenda of the Annual General Meeting of Shareholders, considering the selection of qualified persons to serve as directors in accordance with the Company's recruitment criteria and procedures by proposing the appointment of a person to replace the directors who have retired. In the past year, the Recruitment and Compensation on Remuneration Committee reviewed the qualifications and roles of the directors and recommended re-appointment of the current directors for another term at the 2022 Annual General Meeting of Shareholders. In addition, the company has selected individuals to be appointed as directors to replace the directors who have requested their resignation.

1. Considering the determining criteria on the remuneration's consideration for Managing Director/Chief Executive Officer. The Recruitment and Compensation on Remuneration Committee has reviewed the criteria for the remuneration's consideration for Managing Director/Chief Executive Officer and determined that the Company's criteria remained appropriate.
2. Determine the annual remuneration of directors, their meeting allowance, and those of the sub-committees of the Company and presented this to the Annual General Meeting of Shareholders for approval.
3. The Recruitment and Compensation on Remuneration Committee considered the annual remuneration of directors, their meeting allowance, and those of the sub-committee in 2022, by adhering to the appropriate criteria, and aligned with the scope of their responsibilities similar to the industry's level to motivate and retain directors who have knowledge, ability, and quality in performing their duties for the Company. The composition of the remuneration is clear, transparent, easy to understand, which will be submitted to the Annual General Meeting of Shareholders for approval.

In summary, the Recruitment and Compensation on Remuneration Committee performs its duties as specified in the Charter approved by the Board of Directors by using sufficient knowledge, ability with due care, and independence to provide opinions and suggestions for the overall benefit of the Company.



(Mr. Charoenphan Phantumongkol)
Chairman of Compensation on Remuneration Committee

Board of Directors' Report

Dear Shareholders,
S. Khonkaen Foods PCL.

Its board of directors consists of five members, namely:

Name – Surname	Position
1. Dr. Charoen Rujirasopon	Chairman of the Board of Directors
2. Mrs. Niramon Rujirasopon	General Vice Chairman of the Board of
3. Mr. Jaraspon Rujirasopon	Executive Director
4. Mr. Jarunpoj Rujirasopon	Executive Director
5. Mr. Thanakrit Rujirasopon	Executive Director

In 2022, the Board of Directors performed its duties within their range of power and responsibilities. Its main points are summarized as follows:

1. Reviewing and agreeing upon the direction of work and the company's strategies, the organizational structure, the business plan and the annual budget, and presenting these issues to the Board of Directors for approval.
2. Following up on the financial and work performance of the company and presenting the aforementioned information to the Board of Directors.
3. Considering and thinking about new business ventures and expanding the business branches to correspond with the company's strategies, and also presenting the company's strategies to its Board of Directors.
4. Considering and reviewing the risk management of the company, which is carried out by the risk management committee and presenting its report to the Board of Directors.
5. Considering and studying the possibilities of each project and also providing managerial advice to the executive directors.
6. Approving other materials assigned by the Board of Directors.



(Dr. Charoen Rujirasopon)
Chairman of the Board of Directors



Internal Control and Connected Transaction

Internal control

Adequacy and appropriateness of the Company's internal control system

The Company realizes the importance of the continuity of its internal control system. The internal control system is a critical mechanism to reassure management to reduce business risks, while enabling efficient and effective business operations to generate long-term returns by optimizing resources and achieving the targets, as well as evaluating the internal controls at least once a year.

Three members of the Audit Committee who are independent directors attended the Board of Directors' Meeting No. 6/2022 on November 10, 2022. The Board of Directors has evaluated the Company's internal control system based on the findings reviewed by the Audit and Corporate Governance Committee in collaboration with the Internal Audit Committee in accordance with the evaluation form of the Securities and Exchange Commission. The Company has not found any significant deficiencies in the Company's internal control system. In summary, the Company's internal control system is comprised of the following five components:

In-house control

The Board of Directors is made up of independent members with business expertise and ability, as defined by the Thai Stock Exchange. This includes establishing a clear organizational structure and chain of command to properly balance authority and internal control, as well as outlining business objectives and key performance indicators (KPIs) for use in assessing operational efficiency and monitoring performance. In addition, good corporate governance policies and business ethics are established in writing, and all employees are encouraged to be conscious and comply continuously to ensure transparency and fairness to all stakeholders and provide clear monitoring and penalty procedures. There is an internal audit unit that reports directly to the Audit and Corporate Governance Committee to assist in evaluating the Company's internal control system. Each work system's authority handbook and operational manual are written down, taking into account their duties and obligations as well as the internal control system. The Company provides a personnel development policy and has a recruitment process, by adopting Competency and Key Performance Indicators (KPIs) at the corporate, BU, and individual levels. In addition, the Company recruits potential employees into the Talent and Succession Plan projects to develop, promote, and retain knowledgeable and talented personnel to stay with the Company.

Risk Assessment

Currently, the Company has a Risk Management Committee in place to oversee company risk management at an appropriate level. There is also a risk management policy, framework, guidelines, and operational procedures for all employees to follow in order to determine the risk management measures effectively and appropriately by analyzing, assessing, and reviewing risk management, both external and internal factors, covering all aspects of risk, including strategy, operations, finance, law compliance, and corruption. The outcomes of risk management shall be disclosed to the Board of Directors on a regular basis. In addition, the Board of Directors and executives have overseen the preparation of the Company's financial reports in accordance with the generally accepted financial reporting standards and disclosed the information completely, accurately, and in a timely manner.

Operational control

The Company has measures and internal control systems in place that are consistent with the risks of the various business types. The authority manual and operation manuals are prepared and reviewed to reflect the current organizational structure and operations. Each function can be properly balanced or traceable, particularly in operational areas with significant risks to prevent and reduce errors such as financial transactions, sales, procurement, asset management, human resource management, etc. In addition, there is an internal audit unit to regularly review the performance in accordance with the policy, rules, regulations, authority manuals, and operational manuals to ensure that operations are systematic with efficient, adequate, and appropriate internal controls. This includes the systematic implementation of information systems to help speed up operations and

Internal Control and Connected Transaction

efficiency. In addition, the Company has established policies, regulations, and regulations in transactions with persons related to or connected with the Company in order to comply with the same guidelines for its accuracy, transparency, and fairness while maximizing the Company's interests.

Information and Data Communication Systems

The Company realizes the importance of an information and data communication system and promotes and supports the continuous development of the system to ensure that the information is accurate and up to date. It has adopted modern information technology systems, data security from data collection, data processing, data storage, and data monitoring to ensure that the performance and use of important information in the management of executives or stakeholders is complete, accurate, adequate, and available in a reasonable time to make business decisions. The Company has established an information technology security and data usage policy, as well as communication channels through which recipients of information both inside and outside the organization can access information easily and quickly to be a communication channel, disseminate policy information, important news, or receive suggestions and useful information regarding the Company's business operations. There are also channels for receiving corruption-related information. The Company has assigned particular units that are accountable for communicating information, such as corporate communications and investor relations. The Company Secretary has been given the responsibility of providing information and accompanying papers for the Board of Directors' meeting in advance of the meeting, including a clear record of the meeting's views and decisions.

Monitoring System

The Board of Directors has established an internal control system that covers all aspects, including operations, finance, law compliance, and corruption, to ensure that the internal control system remains effective, adequate, and appropriate as defined. The Board of Directors has assigned the Audit and Corporate Governance Committee to supervise the internal control system through the Internal Audit Department, which is responsible for auditing, monitoring, and evaluating the results by performing its duties in accordance with the international internal audit performance standards to ensure that the findings from the audit or review are updated appropriately and in a timely manner. In addition, the internal control and audits regarding accounting and finance will be audited by a certified public accountant who will submit the audit's results or the auditor's reports to the Audit and Corporate Governance Committee quarterly and annually. This year's findings from the Internal Audit Department and the External Auditor show that no issues were found.

Opinion of the Audit Committee

The Audit and Corporate Governance Committee has performed its responsibilities independently by using knowledge, ability and caution careful in the scope of duties assigned by the Board of Directors. The Audit and Corporate Governance Committee has the opinion that the Company have an internal control system. Efficient and effective risk management system. Consist of having good corporate governance as well as complying with the rules of law and relevant agencies.

The Consideration and Approval of the Appointment, Removal and Transfer of the Head of the Internal Audit

Mr. Compark Kiratipongwut is the Head of the Internal Audit of the Company. From 11 May 2022 by the appointment of Audit and Corporate Governance Committee, because of Mr. Sompark Kiratipongwut is knowledgeable, capable and appropriate to perform such duties appropriately enough.

In this regard, the consideration and approval of the appointment, removal and transfer of the person holding the position of the head of the internal audit unit of the Company must be approved by the Audit and Corporate Governance Committee. The qualifications of the person holding the position of Head of Internal Audit are shown in Attachment 3.

Intercom

During the year 2022, the Company and its subsidiaries had related transactions with directors and major shareholders as follows

Persons who may have conflicts.	Relationship nature	Relationship nature	Transaction Value (Baht)
Dr. Charoen Rujirasopon	Major shareholder and Executives	A subsidiary leases land. No. 44, Village No. 2, Phayayen Sub-district Pak Chong District, Nakhon Ratchasima Province Area of approximately 395 rai 1 ngan 8 square wa	726,309

* The lease contract is for a period of 1 years and 3 months, starting from October 1, 2021 to December 31, 2022 at a rental rate of 726,309 Baht per year. When the rental period expires have agreed to rent for another year from January 1, 2023 - December 31, 2023 at the rental rate of 726,309 Baht per year.

Necessity and Reasonableness of Connected Transactions

Entering into connected transactions of the Company and its subsidiaries are for the normal business operation and support the Company's normal business. There are general trading conditions, measures to take care of related transactions in normal business-related transactions whether it is a transaction with outsider or a person who may have a conflict of interest. The Company has guidelines for approving such transactions as well by considering the benefits of the Company as important.

For other related items. The Company requires that it be reviewed by the Audit and Corporate Governance Committee to prevent conflicts of interest. The Audit and Corporate Governance Committee may employ an independent appraiser or a financial advisor to assess the price of such related transactions to use as a comparison guide then presented to the Board of Directors for further approval.

Part

3

**Financial
Statements**





ตรา



Crunchy Pork Thread

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Net Weight 100g

Report on the Board of Directors' Responsibilities for Financial Statements

Report on the Board of Directors' Responsibilities for Financial Statements

Dear Shareholders,

S. Khonkaen Foods PCL.

The Board of Directors is responsible for the Company's financial statements and for the consolidated financial statements and its subsidiaries, including financial information appearing in the annual report. The financial statements are prepared in accordance with the generally accepted accounting standards by choosing appropriate accounting policies and observing them regularly, and using careful discretion and best estimates to prepare, as well as providing sufficient disclosure of important information in the notes to the financial statements to transparently benefit shareholders and general investors. The financial statements have been audited and provided unconditional opinions from an independent certified public accountant.

In this regard, the Board of Directors has appointed the Audit and Corporate Governance Committee, which consists of three independent directors, to supervise the company and verify the financial reports, internal control system and internal audits, risk management system, as well as considering the disclosure of interrelated transactions. The Committee's opinion on such issues is reflected in the audit and corporate governance committee's report, which is already presented in this annual report.

The Company's financial statements, the consolidated financial statements, and its subsidiaries have been audited by the Company's auditor, EY Office Co., Ltd. The Board of Directors has supported various information and documents so that the auditor can audit and express their opinion in accordance with the audit standards. The auditor's opinion on such issues is shown in the independent auditor's report, indicated in this annual report.

In the Board of Director's opinion, the company's overall internal control system remains efficient and appropriate. It can reasonably be assured that the Company's financial statements, the consolidated financial statements, and its subsidiaries for the fiscal year ending December 31, 2022 are reliable by complying with the generally accepted accounting standards and complying with the applicable laws and regulations.



(Dr. Thanong Bidaya)
Chairman of the Board of Directors



(Dr. Charoen Rujirasopon)
Chairman of Executive Committee

Consolidated Financial Statements

S. Khonkaen Foods Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of S. Khonkaen Foods Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of S. Khonkaen Foods Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S. Khonkaen Foods Public Company Limited and its subsidiaries and of S. Khonkaen Foods Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The revenue from sales is the most significant amount in the statement of income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Group has a large customer base. Therefore, I focused on my audit on the occurrence of the revenue from sales.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Other information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 21 February 2023

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	186,781,337	103,375,439	88,171,033	48,487,951
Trade and other receivables	6, 8	524,349,772	432,426,583	458,184,936	327,655,918
Short-term loans to subsidiaries	6	-	-	10,500,000	-
Short-term loans to other company	9	10,934,820	-	-	-
Inventories	10	384,089,847	276,890,768	235,120,449	163,866,746
Current biological assets	16	90,814,931	111,618,459	-	-
Other current assets		27,351,323	14,663,516	15,533,569	12,395,807
Total current assets		1,224,322,030	938,974,765	807,509,987	552,406,422
Non-current assets					
Restricted bank deposits	11	1,515,361	1,510,410	-	-
Long-term loans to subsidiary	6	-	-	74,090,487	113,000,000
Investments in subsidiaries	12	-	-	537,612,073	536,612,093
Investment properties	13	665,707,409	628,599,712	398,499,071	364,427,374
Property, plant and equipment	14	1,081,679,338	1,084,099,272	483,120,255	504,811,417
Right-of-use assets	15	100,609,872	103,770,479	84,409,154	88,441,656
Non-current biological assets	16	9,844,856	9,601,914	-	-
Intangible assets	17	6,899,863	9,140,745	3,005,260	5,701,820
Deferred tax assets	24	-	327,600	-	-
Other non-current assets		8,012,725	9,008,084	6,220,527	6,697,822
Total non-current assets		1,874,269,424	1,846,058,216	1,586,956,827	1,619,692,182
Total assets		3,098,591,454	2,785,032,981	2,394,466,814	2,172,098,604

The accompanying notes are an integral part of the financial statements.

Consolidated Financial Statements

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	545,000,000	515,000,000	455,000,000	450,000,000
Trade and other payables	6, 19	381,270,348	301,789,858	258,711,207	188,605,626
Current portion of lease liabilities	15	13,162,261	9,344,938	10,274,991	7,853,342
Current portion of long-term loans	20	157,257,327	108,295,958	95,552,186	57,289,421
Income tax payable		24,769,649	11,582,033	-	679,455
Other current liabilities		41,260,887	20,969,403	17,787,660	12,408,575
Total current liabilities		1,162,720,472	966,982,190	837,326,044	716,836,419
Non-current liabilities					
Lease liabilities, net of current portion	15	92,740,159	95,419,059	78,227,317	81,304,568
Long-term loans, net of current portion	20	453,568,553	371,100,048	405,775,643	283,986,116
Deferred tax liabilities	24	24,315,485	35,451,420	11,407,765	19,688,677
Provisions for long-term employee benefits	21	87,701,497	90,205,544	53,102,377	59,510,089
Other non-current liabilities		1,903,174	1,956,906	1,306,230	1,681,780
Total non-current liabilities		660,228,868	594,132,977	549,819,332	446,171,230
Total liabilities		1,822,949,340	1,561,115,167	1,387,145,376	1,163,007,649

The accompanying notes are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Shareholders' equity					
Share capital					
Registered					
323,400,000 ordinary shares of Baht 1 each		323,400,000	323,400,000	323,400,000	323,400,000
Issued and paid-up					
323,400,000 ordinary shares of Baht 1 each		323,400,000	323,400,000	323,400,000	323,400,000
Share premium		50,281,000	50,281,000	50,281,000	50,281,000
Share premium on treasury stock		37,552,153	37,552,153	-	-
Retained earnings					
Appropriated - statutory reserve	22	32,340,000	32,340,000	32,340,000	32,340,000
Unappropriated		652,047,643	602,000,498	465,896,879	471,025,676
Other components of shareholders' equity		182,197,935	176,596,119	135,403,559	132,044,279
Equity attributable to owners of the Company		1,277,818,731	1,222,169,770	1,007,321,438	1,009,090,955
Non-controlling interests of the subsidiaries		(2,176,617)	1,748,044	-	-
Total shareholders' equity		1,275,642,114	1,223,917,814	1,007,321,438	1,009,090,955
Total liabilities and shareholders' equity		3,098,591,454	2,785,032,981	2,394,466,814	2,172,098,604
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Director

Director

Consolidated Financial Statements

S. Khonkaen Foods Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues					
Sales		3,172,476,826	2,766,675,879	1,731,334,616	1,541,435,985
Revenue from rental and service		10,699,683	12,729,870	10,699,683	12,729,870
Dividend income	6, 12	-	-	76,499,966	52,597,474
Other income		33,077,828	32,572,779	23,387,387	13,055,574
Gain on changes in fair value less cost of sale of biological assets	16	-	36,297,241	-	-
Total revenues		3,216,254,337	2,848,275,769	1,841,921,652	1,619,818,903
Expenses					
Cost of sales		2,408,836,722	2,050,459,636	1,375,560,744	1,128,174,895
Cost of rental and service		24,974,234	19,681,419	24,974,234	19,681,419
Selling and distribution expenses		326,476,747	242,196,187	205,328,831	155,893,505
Administrative expenses		294,186,242	331,380,797	182,037,416	220,830,871
Loss on change in fair value less cost to sale of biological assets	16	14,642,997	-	-	-
Total expenses		3,069,116,942	2,643,718,039	1,787,901,225	1,524,580,690
Operating profit		147,137,395	204,557,730	54,020,427	95,238,213
Interest income		120,311	176,956	2,645,027	4,108,167
Finance cost		(30,465,370)	(30,329,626)	(24,344,401)	(22,795,538)
Profit before tax expense		116,792,336	174,405,060	32,321,053	76,550,842
Tax income (expense)	24	(19,213,185)	(31,540,970)	9,508,616	(4,259,356)
Profit for the year		97,579,151	142,864,090	41,829,669	72,291,486
Profit attributable to:					
Equity holders of the Company		101,483,447	142,415,297	41,829,669	72,291,486
Non-controlling interests of the subsidiaries		(3,904,296)	448,793		
		97,579,151	142,864,090		
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.31	0.44	0.13	0.22

The accompanying notes are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit for the year		<u>97,579,151</u>	<u>142,864,090</u>	<u>41,829,669</u>	<u>72,291,486</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(109,424)	324,926	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Changes in revaluation of assets					
- net of income tax	14	5,727,104	-	3,359,280	-
Actuarial loss - net of income tax	21	(2,962,557)	-	1,551,534	-
Other comprehensive income for the year		<u>2,655,123</u>	<u>324,926</u>	<u>4,910,814</u>	<u>-</u>
Total comprehensive income for the year		<u><u>100,234,274</u></u>	<u><u>143,189,016</u></u>	<u><u>46,740,483</u></u>	<u><u>72,291,486</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		104,158,961	142,740,223	<u>46,740,483</u>	<u>72,291,486</u>
Non-controlling interests of the subsidiaries		(3,924,687)	448,793		
		<u><u>100,234,274</u></u>	<u><u>143,189,016</u></u>		

The accompanying notes are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2022

Consolidated financial statements													(Unit: Baht)
Equity attributable to owners of the Company													
Other components of equity holders													
Other comprehensive income													
Exchange differences													
Issued and paid-up share capital	Share premium	Share premium on treasury stock	Retained earnings		Share premium	Share premium on treasury stock	Share premium on treasury stock	Share premium on treasury stock	Share premium on treasury stock	Share premium on treasury stock	Share premium on treasury stock	Share premium on treasury stock	
			Statutory reserve	Unappropriated									Share premium
323,400,000	50,281,000	37,552,153	32,340,000	524,265,201	253,583	132,044,279	43,471,071	502,260	176,271,193	1,144,109,547	1,548,976	1,145,658,523	
-	-	-	-	142,415,297	-	-	-	-	-	142,415,297	448,793	142,864,090	
-	-	-	-	-	324,926	-	-	-	324,926	324,926	-	324,926	
-	-	-	-	142,415,297	324,926	-	-	-	324,926	142,740,223	448,793	143,189,016	
-	-	-	-	(64,680,000)	-	-	-	-	-	(64,680,000)	(252,925)	(64,932,925)	
-	-	-	-	-	-	-	-	-	-	-	3,200	3,200	
323,400,000	50,281,000	37,552,153	32,340,000	602,000,498	578,509	132,044,279	43,471,071	502,260	176,596,119	1,222,169,770	1,748,044	1,223,917,814	
323,400,000	50,281,000	37,552,153	32,340,000	602,000,498	578,509	132,044,279	43,471,071	502,260	176,596,119	1,222,169,770	1,748,044	1,223,917,814	
-	-	-	-	101,483,447	-	-	-	-	-	101,483,447	(3,904,296)	97,579,151	
-	-	-	-	(2,926,302)	(109,424)	3,359,280	2,351,960	-	5,601,816	2,675,514	(20,391)	2,655,123	
-	-	-	-	98,557,145	(109,424)	3,359,280	2,351,960	-	5,601,816	104,158,961	(3,924,687)	100,234,274	
-	-	-	-	(48,510,000)	-	-	-	-	-	(48,510,000)	(34)	(48,510,034)	
-	-	-	-	-	-	-	-	-	-	-	60	60	
323,400,000	50,281,000	37,552,153	32,340,000	652,047,643	469,085	135,403,559	45,823,031	502,260	182,197,935	1,277,818,731	(2,176,617)	1,275,642,114	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	

The accompanying notes are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

Separate financial statements									
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity holders		Total shareholders' equity		
			Statutory reserve	Unappropriated	revaluation of assets	income			
Balance as at 1 January 2021	323,400,000	50,281,000	32,340,000	463,414,190	132,044,279		1,001,479,469		
Profit for the year	-	-	-	72,291,486	-	-	72,291,486		
Other comprehensive income for the year	-	-	-	-	-	-	-		
Total comprehensive income for the year	-	-	-	72,291,486	-	-	72,291,486		
Dividends paid (Note 28)	-	-	-	(64,680,000)	-	-	(64,680,000)		
Balance as at 31 December 2021	323,400,000	50,281,000	32,340,000	471,025,676	132,044,279		1,009,090,955		
Balance as at 1 January 2022	323,400,000	50,281,000	32,340,000	471,025,676	132,044,279		1,009,090,955		
Profit for the year	-	-	-	41,829,669	-	-	41,829,669		
Other comprehensive income for the year	-	-	-	1,551,534	3,359,280		4,910,814		
Total comprehensive income for the year	-	-	-	43,381,203	3,359,280		46,740,483		
Dividends paid (Note 28)	-	-	-	(48,510,000)	-	-	(48,510,000)		
Balance as at 31 December 2022	323,400,000	50,281,000	32,340,000	465,896,879	135,403,559		1,007,321,438		
	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-		

The accompanying notes are an integral part of the financial statements.

Consolidated Financial Statements

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	116,792,336	174,405,060	32,321,053	76,550,842
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Depreciation	130,787,590	112,366,664	57,818,969	52,703,313
Depreciation of biological assets	4,543,513	5,217,751	-	-
Amortisation of intangible assets	3,340,924	3,290,788	2,877,302	2,868,195
Allowance for expected credit losses of trade and other receivables (reversal)	(704,044)	1,818,344	52,961	1,437,330
Reduction of inventories to present at net realisable value (reversal)	(675,098)	2,681,515	(876,794)	3,076,006
Reversal of allowance for doubtful account of loan to unrelated company	-	(5,000,000)	-	(5,000,000)
Loss on impairment of equipment	3,264,291	8,566,197	3,264,291	8,566,197
Loss on impairment of computer software (reversal)	(130,843)	161,162	(130,843)	161,162
Gain on sales of investment property	-	(1,137,810)	-	-
Gain on sales of equipment	(962,719)	(966,265)	(651,932)	(695,800)
Write-off building and equipment and computer software	178,148	2,357,073	176,471	2,103,781
Loss (gain) on write-off of right-of-use	3,492	(197,977)	3,492	(182,425)
Reversal right-of-use due to adjustment of rental rate	35,232	-	35,232	-
Reversal of loss on impairment of investment properties	(1,695,000)	-	-	-
Gain on sale of stud swine	(10,688,965)	(7,523,803)	-	-
Transfer of long-term employee benefit to subsidiary	-	-	-	(4,496,867)
Long-term employee benefit expense	10,471,127	9,887,891	6,729,814	6,443,768
Unrealised loss (gain) on exchange	302,888	(26,536)	302,888	(26,536)
Loss (gain) on changes in fair value less cost to sell of biological assets	14,642,997	(36,297,241)	-	-
Gain on changes in fair value of interest rate exchanges	(890,072)	(1,815,019)	(890,072)	(1,815,018)
Dividend income from subsidiary	-	-	(76,499,966)	(52,597,474)
Interest income	(120,311)	(176,956)	(2,645,027)	(4,108,167)
Finance cost	30,465,370	30,329,626	24,344,401	22,795,538
Profit from operating activities before changes in operating assets and liabilities	298,960,856	297,940,464	46,232,240	107,783,845

The accompanying notes are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Operating assets (increase) decrease				
Trade and other receivables	(91,522,033)	(16,805,131)	(130,341,980)	(2,187,853)
Inventories	(106,523,981)	(62,238,091)	(70,376,909)	(46,071,238)
Biological assets	(1,848,002)	(17,254,055)	-	-
Other current assets	(11,797,735)	8,987,950	(2,247,690)	148,278
Loan to unrelated party	-	5,000,000	-	5,000,000
Other non-current assets	995,359	361,938	477,295	198,286
Operating liabilities increase (decrease)				
Trade and other payables	73,981,449	(36,514,410)	65,886,169	(40,806,546)
Other current liabilities	20,291,484	(4,290,359)	5,379,085	(6,302,091)
Other non-current liabilities	(53,732)	220,579	(375,550)	497,680
Cash paid for long-term employee benefit	(16,902,657)	(10,508,683)	(11,198,108)	(7,091,212)
Cash flows from (used in) operating activities	165,581,008	164,900,202	(96,565,448)	11,169,149
Cash paid for corporate income tax	(17,300,754)	(25,886,328)	(679,455)	(4,549,030)
Net cash flows from (used in) operating activities	148,280,254	139,013,874	(97,244,903)	6,620,119
Cash flows from investing activities				
Increase in restricted bank deposits	(4,951)	(5,075)	-	-
Cash paid for capital increase in subsidiary	-	-	(999,980)	(79,996,800)
Decrease (increase) in short-term loans to subsidiaries	-	-	(10,500,000)	80,000,000
Increase in short-term loans to subsidiaries	(10,934,820)	-	-	-
Decrease (increase) in long-term loans to subsidiaries	-	-	38,909,513	(30,000,000)
Acquisition of investment properties	(2,608,893)	(5,872,819)	(1,267,893)	(5,872,819)
Acquisition of building and equipment	(137,110,672)	(182,425,602)	(51,386,800)	(77,745,887)
Acquisition of computer software	(969,200)	(492,550)	(49,900)	-
Cash paid for advance on right-of-use assets	-	(177,239)	-	(177,239)
Acquisitions of stud swine and feed costs	(1,389,105)	-	-	-
Proceeds from sales of investment property	-	2,910,000	-	-
Proceeds from sales of equipment	1,120,830	1,340,578	729,720	1,991,400
Proceeds from sales of stud swine	15,300,148	11,898,422	-	-
Cash received from interest income	120,311	176,956	2,102,140	3,514,603
Cash received from dividend income from subsidiary	-	-	76,499,966	52,597,474
Net cash flows from (used in) investing activities	(136,476,352)	(172,647,329)	54,036,766	(55,689,268)

The accompanying notes are an integral part of the financial statements.

Consolidated Financial Statements

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from financing activities				
Increase in bank overdrafts and				
short-term loans from financial institutions	30,000,000	93,992,674	5,000,000	88,992,674
Cash receipt from long-term loans	262,756,384	110,865,601	214,159,713	95,029,409
Cash paid for long-term loans	(131,326,510)	(122,124,938)	(54,107,421)	(49,071,108)
Cash paid for repayment of lease liabilities	(10,544,692)	(11,635,050)	(9,214,717)	(9,477,704)
Cash paid for interest expenses	(30,663,788)	(30,325,677)	(24,436,356)	(22,762,533)
Proceeds from increase in share capital of a subsidiary	-	3,200	-	-
Proceeds from stock issued of non-controlling				
interests of the subsidiaries	60	-	-	-
Dividend paid	(48,510,034)	(64,932,925)	(48,510,000)	(64,680,000)
Net cash flows from (used in) financing activities	71,711,420	(24,157,115)	82,891,219	38,030,738
Net increase (decrease) in cash and cash equivalents	83,515,322	(57,790,570)	39,683,082	(11,038,411)
Translation adjustments	(109,424)	324,926	-	-
Cash and cash equivalents at beginning of year	103,375,439	160,841,083	48,487,951	59,526,362
Cash and cash equivalents at end of year (Note 7)	186,781,337	103,375,439	88,171,033	48,487,951
	-	-	-	-
Supplemental cash flows information				
Non-cash items transaction				
Payable from acquisition of equipment	5,697,459	12,091,480	4,311,367	4,709,579
Lease liabilities	11,679,623	7,685,165	8,555,623	7,507,926
Write-off bad debt of loan to unrelated company	-	5,000,000	-	5,000,000
Transfer investment properties to property, plant and equipment	38,719,376	8,600,990	38,719,376	8,600,990
Transfer property, plant and equipment to intangible assets	-	1,273,410	-	1,200,000
Transfer right-of-use assets to property, plant and equipment	-	2,107,647	-	1,095,051
Revaluation surplus on land	7,158,880	-	4,199,100	-
Actuarial loss (gains)	3,927,483	-	(1,939,418)	-

The accompanying notes are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

S. Khonkaen Foods Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of processed food products from meat and seafood, restaurants and swine farm.

The registered office of the Company is at 259/ 13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Phra Kanong Nuea, Vadhana, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of S. Khonkaen Foods Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (Percent)
<u>Held by the Company</u>			
S. Pasusat Company Limited	Breeding and sales of finishing swine	Thailand	100
S.K.K. Food Company Limited	Distribution of processed products	Thailand	99
Mahachai Foods Company Limited	Manufacture and distribution of processed food products	Thailand	99
S. Khehakarn Company Limited	Selling and lease of investment properties	Thailand	100
Sor. Training Center Company Limited	Training and seminar service	Thailand	100
S. Khonkaen Foods (Netherlands) B.V.	Distribution of processed food products	The Netherlands	100
S. Khonkaen Holding Company Limited	Investment in other company	Thailand	100
S. Khonkaen USA, Inc.	Distribution of processed food products	USA	51
<u>Held by the Company's subsidiary</u>			
S. Khonkaen Cuisine (Thailand) Company Limited (held by S. Khonkaen Holding Company Limited)	Joint venture with restaurant business	Thailand	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements of the Company, which present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that become effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividend income

Dividends are recognised as income when the right to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements at cost less provision for impairment (if any).

4.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties with respect to office building for rent is calculated by reference to its cost on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income. No depreciation provided on land and land awaiting for sales.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.6 Property, plant and equipment and depreciation

Land is stated on a revaluation basis. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation decrease is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvements	5 - 20	years
Plant and improvements	5 - 20	years
Machinery and equipment	5 - 10	years
Furniture, fixtures and office equipment	5	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs or the revalued amount, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land and improvements	13 - 15	years
Buildings and improvements	2 - 3	years
Machinery and equipment	2 - 5	years
Motor vehicles	5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.8 Biological assets

Biological assets are measured at fair value less cost to sale (incremental costs directly attributable to the disposal of biological assets). If the fair value cannot be measured reliably, it is measured at cost less accumulated depreciation and accumulated impairment losses. Gains or losses on changes in fair value less cost to sale are recognised in profit or loss.

Current biological assets, comprising fattening swine is presented under the caption "Current assets". Non-current biological assets, comprising stud swine is presented under the caption "Non-current assets" in the statement of financial position.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets

Following the initial recognition, the intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible asset with finite useful lives is computer software which has useful lives of 5 - 10 years.

4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include an individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade accounts receivable, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at FVTPL

Financial assets include derivatives measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

For trade accounts receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Derivatives

The Group uses derivatives, such as interest rate swaps, to hedge its interest rate risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as current assets or current liabilities.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Property, plant and equipment / Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Group's plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Biological assets

Fattening swine are measured at their fair value less costs to sell. This fair value is measured with reference to the quoted prices of fattening swine at the reporting date, after deducting estimated cost to sale.

The measurement of fair value related to biological assets involves certain assumptions and some estimations, such as feeding costs of fattening swine and cost to sale.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefits determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2022	2021	2022	2021	
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	14,491	12,654	Cost plus margin
Service income	-	-	13,640	978	As stipulated in agreements
Sales of equipment and supplies	-	-	-	117	Cost plus margin
Dividend income	-	-	76,500	52,597	As declared
Interest income	-	-	2,633	4,100	Average cost of debt 3.25% - 4.00% per annum (2021: 2.664% - 3.25% per annum)
Purchases of goods	-	-	71,176	89,438	Cost plus margin
Other expenses	-	-	-	776	Cost plus margin

As at 31 December 2022 and 2021, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Trade and other receivables (Note 8)</u>				
Subsidiaries	-	-	56,778	1,551
<u>Trade and other payables (Note 19)</u>				
Subsidiaries	-	-	4,791	744

Loans to the subsidiaries

As at 31 December 2022 and 2021, the balance of loans to the subsidiaries and the movements are as follows:

(Unit: Thousand Baht)

	Separate financial statements					
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022	Less: Short- term loan to subsidiaries	Long-term loan to subsidiary
Loans to subsidiaries						
S. Pasusat Co., Ltd.	113,000	44,194	(83,104)	74,090	-	74,090
S. Khonkaen Holding Co., Ltd.	-	10,500	-	10,500	(10,500)	-
Total	113,000	54,694	(83,104)	84,590	(10,500)	74,090

Loan to subsidiaries bear interest at rates of 3.25% - 4.00% per annum (2021: 3.25% per annum). The due date for repayment of principal and interests by the years 2026 and 2027.

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Short-term employee benefits	53,670	41,768	42,867	31,381
Post-employment benefits	1,802	1,743	935	907
Total	55,472	43,511	43,802	32,288

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries, as described in Note 29.2 (2).

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash	2,811	2,260	2,115	1,137
Bank deposits	183,970	101,115	86,056	47,351
Total	186,781	103,375	88,171	48,488

As at 31 December 2022 and 2021, bank deposits in saving accounts carried interests between 0.15% and 0.55% per annum.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	1,092	1,061
Total trade accounts receivable - related parties	-	-	1,092	1,061
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	512,410	420,916	393,493	316,874
Past due				
Up to 3 months	10,160	10,131	6,364	8,025
3 - 6 months	822	533	632	27
6 - 12 months	303	60	250	45
Over 12 months	2,260	512	2,165	-
Total	525,955	432,152	402,904	324,971
Less: Allowance for expected credit losses	(2,620)	(1,137)	(2,354)	(115)
Total trade accounts receivable - unrelated parties, net	523,335	431,015	400,550	324,856
Total trade accounts receivable, net	523,335	431,015	401,642	325,917
<u>Other receivables</u>				
Other receivables - related parties	-	-	55,686	490
Other receivables - unrelated parties	944	2,914	850	2,751
Others	473	1,086	409	1,086
Total	1,417	4,000	56,945	4,327
Less: Allowance for expected credit losses	(402)	(2,588)	(402)	(2,588)
Total other receivables - net	1,015	1,412	56,543	1,739
Total trade and other receivables - net	524,350	432,427	458,185	327,656

9. Loan to other company

As at 31 December 2022 and 2021, the balance of loan to other company and the movements are as follows.

(Unit: Thousand Baht)

Loans to unrelated company	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
S. Khonkean Cuisine B.V.	-	10,935	-	10,935
Total	-	10,935	-	10,935

In December 2022, S. Khonkaen Cuisine (Thailand) Co., Ltd. provided loan of Baht 11 million to a non-related overseas company. The loan carried interest at the rate of 4.5 percent per annum. The repayment term is five years which is fully repayable or on demand.

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Finished goods	67,471	46,279	(608)	(496)	66,863	45,783
Work in process	32,032	21,165	-	(320)	32,032	20,845
Raw materials	215,471	153,798	(247)	(1,506)	215,224	152,292
Packing materials	43,990	35,073	(3,378)	(2,966)	40,612	32,107
Spare parts and factory supplies	15,442	11,458	(1,161)	(781)	14,281	10,677
Animal foods and vaccine for swine	4,763	4,448	-	-	4,763	4,448
Raw materials for production of animal foods	10,315	10,739	-	-	10,315	10,739
Total	389,484	282,960	(5,394)	(6,069)	384,090	276,891

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	2022	2021	2022	2021	2022	2021
Finished goods	37,703	23,454	(227)	(133)	37,476	23,321
Work in process	29,673	16,370	-	(320)	29,673	16,050
Raw materials	129,950	98,034	(247)	(1,506)	129,703	96,528
Packing materials	32,935	24,899	(2,917)	(2,710)	30,018	22,189
Spare parts and factory supplies	9,407	6,535	(1,157)	(756)	8,250	5,779
Total	239,668	169,292	(4,548)	(5,425)	235,120	163,867

During the year, the Group deducted cost of inventories by Baht 4 million (2021: Baht 7 million) (the Company only: Baht 3 million and 2021: Baht 6 million), to reflect the net realisable value. This was included as part of cost of sales. In addition, the Group reversed reduced cost of inventories by Baht 5 million (2021: Baht 4 million) (the Company only: Baht 4 million and 2021: Baht 3 million), by deducted the amount of inventories recognised as cost of sales during the year.

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure a fuel credit card and guarantee for utility usages.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

									(Unit: Thousand Baht)	
Subsidiaries' name	Paid-up capital	Shareholding percentage	Cost		Allowance for impairment loss		Cost - net		Dividend received during the year	
			2022	2021	2022	2021	2022	2021	2022	2021
<u>Subsidiaries held by the Company</u>			(Percent)							
S. Pasusat Co., Ltd.	Baht 45 million	100	44,968	44,968	-	-	44,968	44,968	76	-
S.K.K. Food Co., Ltd.	Baht 120 million	99	119,225	119,225	-	-	119,225	119,225	-	10
Mahachai Foods Co., Ltd.	Baht 245 million	99	286,919	286,919	-	-	286,919	286,919	-	33
S.Khehakarn Co., Ltd.	Baht 90 million	100	89,996	89,996	(5,000)	(5,000)	84,996	84,996	-	-
Sor. Training Center Co., Ltd.	Baht 0.5 million	100	500	500	-	-	500	500	-	-
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4	-	10
S. Khonkaen Holding Co., Ltd.	Baht 1 million	100	1,000	-	-	-	1,000	-	-	-
S. Khonkaen (USA), Inc.	-	51	-	-	-	-	-	-	-	-
<u>Subsidiaries held by</u>										
<u>S. Khonkaen Holding Co., Ltd.</u>										
S. Khonkaen Cuisine (Thailand) Co., Ltd.	Baht 8 million	100	-	-	-	-	-	-	-	-
			542,612	541,612	(5,000)	(5,000)	537,612	536,612	76	53

On 9 July 2021, S. Khehakarn Company Limited, a subsidiary of the Company, had increase the registered shares capital amount of 80 million from Baht 10 million to Baht 90 million by issuing share capital 0.8 million shares with a par of Baht 100 each, to be subscribed for all of its shares by the existing shareholders in proportionate of their shareholdings after being approved by the Board of Directors Meeting of that company and subsequently S. Khehakan Co., Ltd. repaid of short-term loan by Baht 80 million to the Company.

On 10 November 2022, the Board of Directors' meeting of the Company had approved the establishment of S. Khonkaen Holding Company Limited to engage in investing in other company with the registered shared capital of Baht 1 million (200,000 ordinary shares with a par value of Baht 5 each). The Company had 100 percent of its registered shares. The subsidiary called for payment of 100% of the registered share capital.

On 10 November 2022, the Board of Directors' meeting of the Company had approved the establishment of subsidiary registered in the United States of America, "S. Khonkaen (USA), Inc" with the registered share capital of USD 600,000. The Company had 51 percent of shareholding. Such company was completed for incorporation on 22 February 2022 and became the Company's subsidiary since thereon. As at 31 December 2022, such subsidiary has yet paid-up share capital.

On 30 November 2022, the Board of Directors' meeting of S. Khonkaen Holding Company Limited had approved the establishment of S. Khonkaen Cuisine (Thailand) Company Limited to engage in joint venture with restaurant business with the registered shared capital of Baht 4 million (400,000 ordinary shares with a par value of Baht 10 each). The Company had 100 percent of shareholding. On 22 December 2022, the extraordinary general meeting of S. Khonkaen Cuisine (Thailand) Company Limited had approved the payment of 100% of registered share capital of Baht 4 million. The subsidiary called for payment of 100% of the registered share capital on 29 December 2022.

13. Investment properties

The net book value of investment properties as at 31 December 2022 and 2021 is presented below.

	Consolidated financial statements			Separate financial statements		
	Land awaiting sales	Land and office building for rent	Total	Land awaiting sales	Land and office building for rent	Total
(Unit: Thousand Baht)						
31 December 2022:						
Cost	342,182	351,040	693,222	74,771	351,040	425,811
Less: Accumulated depreciation	-	(27,312)	(27,312)	-	(27,312)	(27,312)
Less: Allowance for impairment	(203)	-	(203)	-	-	-
Net book value	<u>341,979</u>	<u>323,728</u>	<u>665,707</u>	<u>74,771</u>	<u>323,728</u>	<u>398,499</u>
31 December 2021:						
Cost	340,842	303,616	644,458	74,771	303,616	378,387
Less: Accumulated depreciation	-	(13,960)	(13,960)	-	(13,960)	(13,960)
Less: Allowance for impairment	(1,898)	-	(1,898)	-	-	-
Net book value	<u>338,944</u>	<u>289,656</u>	<u>628,600</u>	<u>74,771</u>	<u>289,656</u>	<u>364,427</u>

A reconciliation of the net book value of investment properties for the years 2022 and 2021 is presented below.

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
(Unit: Thousand Baht)				
Net book value at beginning of year	628,600	637,186	364,427	371,242
Purchase	2,608	5,872	1,268	5,872
Disposals - net book value	-	(1,771)	-	-
Transfer from (to) property, plant and equipment	38,719	(8,601)	38,719	(8,601)
Depreciation charged	(5,915)	(4,086)	(5,915)	(4,086)
Reversal of allowance for impairment	1,695	-	-	-
Net book value at end of year	<u>665,707</u>	<u>628,600</u>	<u>398,499</u>	<u>364,427</u>

Revenue and expenses related to land and office building for rent for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Revenue from rental and service	10,700	12,730	10,700	12,730
Cost of rental and service	24,974	19,681	24,974	19,681

In 2022, the Company arranged for an independent value to appraise fair values of the investment properties. The fair value as at 31 December 2022 and 2021 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Land awaiting for sales	1,020,664	973,242	176,696	170,101
Land and office building for rent	320,000	329,000	320,000	329,000

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting for sale has been determined based on market prices (Market Approach), while that of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Group have operating lease agreements in respect of the office rental. The terms of the agreements are generally between 1 month and 5 years. Future minimum rental income to be generated under these agreements are as follows.

	(Unit: Thousand Baht)	
	2022	2021
In up to 1 year	9,472	10,186
In over 1 year and up to 5 years	6,330	6,299

The Group has pledged investment properties amounting to approximately Baht 432 million (2021: Baht 397 million) (the Company only: Baht 364 million, 2021: Baht 331 million) as collateral against credit facilities received from financial institutions.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Revaluation	Cost basis						
	basis							
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost / Revalued amount:								
1 January 2021	289,495	27,291	671,021	564,277	65,624	42,253	74,068	1,734,029
Addition	-	-	7,372	28,657	8,674	3,075	146,739	194,517
Disposals	-	-	(1,255)	(6,193)	(1,443)	(3,093)	-	(11,984)
Write-off	-	-	(17,124)	(4,464)	(6,088)	(232)	-	(27,908)
Transfers in (out)	-	-	93,184	22,607	3,363	4,263	(123,417)	-
Transfer from (to) investment properties	-	-	27,496	1,341	-	-	(12,838)	15,999
Transfer from right-of-use assets	-	-	-	-	-	6,709	-	6,709
Transfer to intangible assets	-	-	-	-	(102)	-	(1,200)	(1,302)
31 December 2021	289,495	27,291	780,694	606,225	70,028	52,975	83,352	1,910,060
Addition	-	-	13,212	41,816	8,281	16,857	62,641	142,807
Disposals	-	-	(350)	(3,895)	(3,117)	(5,561)	-	(12,923)
Write-off	-	-	(3,453)	(5,198)	(3,804)	(205)	-	(12,660)
Transfers in (out)	-	8,905	66,191	28,565	13	783	(104,457)	-
Transfer to investment properties	-	-	(44,816)	(1,341)	-	-	-	(46,157)
Revaluations increase	7,158	-	-	-	-	-	-	7,158
31 December 2022	296,653	36,196	811,478	666,172	71,401	64,849	41,536	1,988,285
Accumulated depreciation:								
1 January 2021	-	10,650	311,405	341,051	47,728	38,146	-	748,980
Depreciation for the year	-	747	34,152	47,072	7,812	3,377	-	93,160
Depreciation on disposals	-	-	(1,255)	(5,884)	(1,411)	(3,060)	-	(11,610)
Depreciation on write-off	-	-	(7,855)	(4,316)	(5,700)	(232)	-	(18,103)
Transfer from investment properties	-	-	7,335	62	-	-	-	7,397
Transfer from right-of-use assets	-	-	-	-	-	4,602	-	4,602
Transfer to intangible assets	-	-	-	-	(28)	-	-	(28)
31 December 2021	-	11,397	343,782	377,985	48,401	42,833	-	824,398
Depreciation for the year	-	1,636	43,111	52,621	8,049	4,649	-	110,066
Depreciation on disposals	-	-	(339)	(3,816)	(3,049)	(5,561)	-	(12,765)
Depreciation on write-off	-	-	(3,164)	(5,178)	(3,794)	(29)	-	(12,165)
Transfer to investment properties	-	-	(7,375)	(62)	-	-	-	(7,437)
31 December 2022	-	13,033	376,015	421,550	49,607	41,892	-	902,097
Allowance for impairment loss:								
1 January 2021	-	-	482	-	-	-	-	482
Increase during the year	-	-	7,045	924	597	-	-	8,566
Reverse during the year	-	-	(6,955)	(144)	(386)	-	-	(7,485)
31 December 2021	-	-	572	780	211	-	-	1,563
Increase during the year	-	-	1,565	1,427	272	-	-	3,264
Reverse during the year	-	-	(289)	(19)	(10)	-	-	(318)
31 December 2022	-	-	1,848	2,188	473	-	-	4,509
Net book value:								
31 December 2021	289,495	15,894	436,340	227,460	21,416	10,142	83,352	1,084,099
31 December 2022	296,653	23,163	433,615	242,434	21,321	22,957	41,536	1,081,679
Depreciation for the year								
2021 (Baht 63 million included in manufacturing cost, and the balance in selling and administrative expenses)								93,160
2022 (Baht 74. million included in manufacturing cost, and the balance in selling and administrative expenses)								110,066

Consolidated Financial Statements

Unit: Thousand Baht)

Separate financial statements

	Separate financial statements							
	Revaluation basis	Cost basis						
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost / Revalued amount:								
1 January 2021	198,038	2,247	197,732	288,219	47,457	21,083	69,804	824,580
Additions	-	-	4,779	13,170	4,461	1,695	58,351	82,456
Disposals	-	-	(891)	(5,075)	(978)	(3,400)	-	(10,344)
Write-off	-	-	(15,084)	(4,464)	(5,998)	(232)	-	(25,778)
Transfer in (out)	-	-	86,975	12,800	3,364	-	(103,139)	-
Transfer from (to) investment properties	-	-	27,496	1,341	-	-	(12,838)	15,999
Transfer from right-of-use assets	-	-	-	-	-	1,796	-	1,796
Transfer to intangible assets	-	-	-	-	-	-	(1,200)	(1,200)
31 December 2021	198,038	2,247	301,007	305,991	48,306	20,942	10,978	887,509
Additions	-	-	11,160	14,312	5,910	10,833	13,482	55,697
Disposals	-	-	(215)	(3,096)	(2,966)	(4,847)	-	(11,124)
Write-off	-	-	(3,453)	(5,143)	(3,665)	(188)	-	(12,449)
Transfer in (out)	-	-	-	7,998	13	-	(8,011)	-
Transfer to investment properties	-	-	(44,816)	(1,341)	-	-	-	(46,157)
Revaluations increase	4,199	-	-	-	-	-	-	4,199
31 December 2022	202,237	2,247	263,683	318,721	47,598	26,740	16,449	877,675
Accumulated depreciation:								
1 January 2021	-	2,247	111,774	194,473	35,582	18,673	-	362,749
Depreciation for the year	-	-	9,286	20,498	4,960	1,301	-	36,045
Depreciation on disposals	-	-	(891)	(4,851)	(951)	(2,355)	-	(9,048)
Depreciation on write-off	-	-	(6,551)	(4,316)	(5,610)	(232)	-	(16,709)
Transfer from investment properties	-	-	7,335	62	-	-	-	7,397
Transfer from right-of-use assets	-	-	-	-	-	701	-	701
31 December 2021	-	2,247	120,953	205,866	33,981	18,088	-	381,135
Depreciation for the year	-	-	11,637	20,660	5,291	1,762	-	39,350
Depreciation on disposals	-	-	(215)	(3,078)	(2,907)	(4,847)	-	(11,047)
Depreciation on write-off	-	-	(3,164)	(5,124)	(3,655)	(12)	-	(11,955)
Transfer to investment properties	-	-	(7,375)	(62)	-	-	-	(7,437)
31 December 2022	-	2,247	121,836	218,262	32,710	14,991	-	390,046
Allowance for impairment loss:								
1 January 2021	-	-	-	-	-	-	-	-
Increase during the year	-	-	7,045	924	597	-	-	8,566
Reverse during the year	-	-	(6,473)	(144)	(386)	-	-	(7,003)
31 December 2021	-	-	572	780	211	-	-	1,563
Increase during the year	-	-	1,565	1,427	272	-	-	3,264
Reverse during the year	-	-	(289)	(19)	(10)	-	-	(318)
31 December 2022	-	-	1,848	2,188	473	-	-	4,509
Net book value:								
31 December 2021	198,038	-	179,482	99,345	14,114	2,854	10,978	504,811
31 December 2022	202,237	-	139,999	98,271	14,415	11,749	16,449	483,120
Depreciation for the year								
2021 (Baht 22 million included in manufacturing cost, and the balance in selling and administrative expenses)								36,045
2022 (Baht 26 million included in manufacturing cost, and the balance in selling and administrative expenses)								39,350

The Group arranged for an independent professional valuer to appraise the value of the land in 2022 on an asset-by-asset basis. The basis of the revaluation of land was revalued using the market approach.

Had the land been carried on a historical cost basis, their net book values as of 31 December 2022 and 2021 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Land	69,997	69,997	32,983	32,983

As at 31 December 2022, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 441 million (2021: Baht 408 million) (the Company only: Baht 247 million, 2021: Baht 239 million).

The Group has mortgaged land and building constructed thereon and machinery with a total net book value of Baht 368 million (2021: Baht 343 million) as collaterals against credit facilities received from financial institutions (the Company only: Baht 251 million, 2021: Baht 257 million).

15. Leases

15.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 15 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2021	98,704	8,350	1,722	7,238	116,014
Additions	-	5,048	1,720	917	7,685
Write-off	(282)	(2,418)	-	-	(2,700)
Transfer to property, plant and equipment	-	-	-	(2,108)	(2,108)
Depreciation for the year	(7,326)	(4,711)	(1,184)	(1,900)	(15,121)
31 December 2021	91,096	6,269	2,258	4,147	103,770
Additions	594	5,479	1,146	4,461	11,680
Reversal of right-of-use due to adjustment of expected rental rate	-	-	(35)	-	(35)
Depreciation for the year	(7,449)	(4,219)	(1,190)	(1,947)	(14,805)
31 December 2022	84,241	7,529	2,179	6,661	100,610

(Unit: Thousand Baht)

	Separate financial statements				
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2021	84,342	8,350	636	3,515	96,843
Additions	-	5,048	1,720	917	7,685
Write-off	-	(2,418)	-	-	(2,418)
Transfer to property, plant and equipment	-	-	-	(1,095)	(1,095)
Depreciation for the year	(6,247)	(4,711)	(938)	(677)	(12,573)
31 December 2021	78,095	6,269	1,418	2,660	88,442
Additions	593	5,479	1,146	1,337	8,555
Reversal of right-of-use due to adjustment of expected rental rate	-	-	(35)	-	(35)
Depreciation for the year	(6,371)	(4,219)	(945)	(1,018)	(12,553)
31 December 2022	72,317	7,529	1,584	2,979	84,409

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Lease payments	130,847	133,322	109,617	113,337
Less: Deferred interest expenses	(24,945)	(28,558)	(21,115)	(24,179)
Total	105,902	104,764	88,502	89,158
Less: Portion due within one year	(13,162)	(9,345)	(10,275)	(7,853)
Lease liabilities - net of current portion	92,740	95,419	78,227	81,305

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)			
	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets	14,805	15,121	12,553	12,573
Interest expense on lease liabilities	4,367	4,366	3,625	3,602
Expense relating to short-term leases	3,575	5,492	2,234	4,631
Expense relating to leases of low-value assets	2,554	2,460	2,554	2,460

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 21 million (2021: Baht 24 million) (the Company only: Baht 18 million, 2021: Baht 20 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

15.2 Group as a lessor

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2022 and 2021 as follows:

	(Unit: Thousand Baht)	
	Consolidated /Separate	
	financial statements	
	2022	2021
Within 1 year	9,472	10,186
Over 1 and up to 5 years	6,330	6,299
Total	15,802	16,485

16. Biological assets

(Unit: Thousand Baht)

	Consolidated financial statements	
	2022	2021
Current biological assets	90,815	111,618
Non-current biological assets	9,845	9,602
Total biological assets	100,660	121,220

Biological assets comprise of fattening swine and stud swine. The Group presented the biological assets with feeding cycle not over one year as current biological assets. The biological assets with feeding cycle over one year presented as non-current biological assets.

Movements of the biological assets account for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2022	2021
Balance at beginning of year	121,220	77,261
Increases due to feeding costs	281,282	280,521
Decreases due to sales	(282,656)	(267,641)
Depreciation for the year	(4,543)	(5,218)
Gain (loss) on change in fair value less cost to sell of biological assets	(14,643)	36,297
Balance at end of year	100,660	121,220

17. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2022		
Cost	35,354	29,127
Less: Accumulated amortisation	(28,424)	(26,092)
Less: Allowance for impairment loss	(30)	(30)
Net book value	6,900	3,005

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2021		
Cost	34,521	29,213
Less: Accumulated amortisation	(25,219)	(23,350)
Less: Allowance for impairment loss	(161)	(161)
Net book value	9,141	5,702

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	9,141	10,864	5,702	7,569
Acquisitions	969	493	50	-
Transferred from property, plant and equipment	-	1,274	-	1,200
Amortisation during the year	(3,341)	(3,291)	(2,878)	(2,868)
Disposal/write-off during the year	-	(38)	-	(38)
Allowance for impairment loss (reversal)	131	(161)	131	(161)
Net book value at end of year	6,900	9,141	3,005	5,702

18. Bank overdrafts and short-term loans from financial institutions

	Interest rate (% per annum)	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Short-term loans from financial institutions	1.76 - 2.60	545,000	515,000	455,000	450,000
Total		545,000	515,000	455,000	450,000

The above credit facilities of the Company are secured by the mortgages of land and building constructed thereon and machines of the Company.

The above credit facilities of subsidiaries are secured by the mortgages of subsidiaries' land of subsidiaries and guaranteed by the Company.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade accounts payable - related parties	-	-	4,791	744
Trade accounts payable - unrelated parties	256,541	161,281	172,306	91,252
Accrued sale promotions	56,080	42,487	40,221	29,050
Accrued expenses	61,695	84,778	36,021	62,265
Payable from purchase of equipment	5,697	12,091	4,311	4,710
Others	1,257	1,153	1,061	585
Total trade and other payables	<u>381,270</u>	<u>301,790</u>	<u>258,711</u>	<u>188,606</u>

20. Long-term loans

As at 31 December 2022 and 2021, long-term loans are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Loans from banks	610,826	479,396	501,328	341,276
Less: Current portion of long-term loans	(157,257)	(108,296)	(95,552)	(57,290)
Net	<u>453,569</u>	<u>371,100</u>	<u>405,776</u>	<u>283,986</u>

Details of long-term loans of each company are presented below.

Company's name	Balance of long-term loans		Interest rates (% per annum)	Repayment (Monthly repayment)
	2022 (Thousand Baht)	2021 (Thousand Baht)		
S. Khonkaen Foods Pcl.	-	492	MLR less fixed rate	Final dues in April 2022
	11,490	31,530	Fixed rate	Final dues in July 2023
	22,967	32,224	Fixed rate	Final dues in December 2025
	220,189	95,030	Fixed rate	Final dues in December 2027
	246,682	182,000	MLR less fixed rate	Final dues in October 2031
	<u>501,328</u>	<u>341,276</u>		
Mahachai Foods Co., Ltd.	13,197	-	Fixed rate	Final dues in February 2025
	29,914	43,140	Fixed rate	Final dues in May 2026
	66,387	94,400	Fixed rate	Final dues in August 2027
	<u>109,498</u>	<u>137,540</u>		
S. Pasusat Co., Ltd.	-	580	Fixed rate	Final dues in June 2022
Total	<u>610,826</u>	<u>479,396</u>		

Movement of the long-term loan account during the year ended 31 December 2022 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2022	479,396	341,276
Add: Additional borrowings	262,756	214,160
Less: Repayment	(131,326)	(54,108)
Balance as at 31 December 2022	610,826	501,328

The long-term loans of the Company is secured by the mortgages of land and building constructed thereon, machinery and investment properties of the Company.

The long - term loans of the subsidiaries are secured by the mortgage of land and machinery of subsidiaries and guaranteed by the Company.

The loan agreements contain several covenants which, among other things, require the Group to maintain debt-to-equity ratio, interest-bearing debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreements. Also, the Group has to maintain shareholding proportion in the parent prescribed in the agreement.

As at 31 December 2022, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 33 million (2021: Baht 199 million) (the Company only: Baht 21 million, 2021: Baht 199 million).

21. Provisions for long-term employee benefits

Provisions for long-term employee benefits, which represent compensations payable to employees after they retire, are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Provisions for long-term employee benefits at				
beginning of year	90,206	90,826	59,510	64,654
Included in profit or loss:				
Current service cost	7,541	7,988	4,791	5,104
Interest cost	1,915	1,900	1,345	1,340
Past service cost	1,015	-	594	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	11,479	-	1,890	-
Financial assumptions changes	(13,474)	-	(7,096)	-
Experience adjustments	5,922	-	3,266	-
Transfer out to subsidiary	-	-	-	(4,497)
Benefits paid during the year	(16,903)	(10,508)	(11,198)	(7,091)
Provisions for long-term employee				
benefits at end of year	87,701	90,206	53,102	59,510

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cost of sales	2,704	2,752	1,771	1,830
Selling and administrative expenses	7,767	7,136	4,959	4,614
Total expense recognised in profit or loss	10,471	9,888	6,730	6,444

The Group expect to pay Baht 25 million of long-term employee benefits during the next year (2021: Baht 12 million) (the Company only: Baht 20 million, 2021: Baht 9 million).

As at 31 December 2022, the weighted average duration of the liabilities for retirement benefit and long service award of long-term employee benefit is 9 years (2021: 9 years and 8 years) (the Company only: 9 years 2021: 9 years and 8 years)

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Discount rates (percent per annum)	3.21	1.88, 1.83	3.21	1.88, 1.83
Salary increase rates (percent)	5.00	6.14	5.00	6.14
Gold prices (Baht)	30,050	-	30,050	-
Gold Inflation rate (percent)	2.00	-	2.00	-
Turnover rates (percent)	0.0 - 50.0	0.0 - 58.0	0.0 - 30.0	0.0 - 58.0
Improving mortality rate (percent)	3.00	-	3.00	-

The results of sensitivity analysis for significant assumptions that affect the present value for retirement benefit and long service award of the long-term employee benefits obligation as at 31 December 2022 and 2021 are summarized below:

Consolidated financial statements						
	Increase (%)	Obligation change		Decrease (%)	Obligation change	
		2022 (Thousand Baht)	2021 (Thousand Baht)		2022 (Thousand Baht)	2021 (Thousand Baht)
Discount rate	1.0	(4,511)	(4,943)	(1.0)	5,006	5,450
Salary increase rate	1.0	4,701	6,877	(1.0)	(4,322)	(6,316)
Gold prices	20.0	570	-	(20.0)	(570)	-
Turnover rate	1.0	(2,044)	(6,192)	(1.0)	2,233	6,931
Improving mortality rate	1.0	136	-	(1.0)	(149)	-

Separated financial statements						
	Increase (%)	Obligation change		Decrease (%)	Obligation change	
		2022 (Thousand Baht)	2021 (Thousand Baht)		2022 (Thousand Baht)	2021 (Thousand Baht)
Discount rate	1.0	(2,523)	(3,483)	(1.0)	2,780	3,843
Salary increase rate	1.0	2,617	4,880	(1.0)	(2,423)	(4,481)
Gold prices	20.0	342	-	(20.0)	(342)	-
Turnover rate	1.0	(1,120)	(4,177)	(1.0)	1,214	4,690
Improving mortality rate	1.0	81	-	(1.0)	(88)	-

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Salaries and wages and other employee benefits	696,192	640,065	443,709	407,831
Depreciation and amortisation	138,724	120,876	60,748	55,572
Raw materials and consumables used	1,693,445	1,425,507	1,028,256	806,437
Changes in inventories of finished goods and work in process	46,937	(56,226)	33,096	(1,870)
Sale promotion expenses	225,564	191,419	166,158	134,264

24. Income tax

Income tax expense for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	30,488	25,400	-	5,210
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,275)	6,141	(9,509)	(951)
Tax expense (income) reported in profit or loss	19,213	31,541	(9,509)	4,259

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
			2022	2021
	2022	2021	2022	2021
Accounting profit before tax	116,792	174,405	32,321	76,551
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	23,358	34,881	6,464	15,310
Effects of:				
Non-deductible expenses	(2,348)	6,471	2,113	5,218
Additional deductible expenses allowed	(3,496)	(6,930)	(2,786)	(5,622)
Exempted revenue	-	-	(15,300)	(10,640)
Others	1,699	(2,881)	-	(7)
Total	(4,145)	(3,340)	(15,973)	(11,051)
Tax expense (income) reported in the income statement	19,213	31,541	(9,509)	4,259

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht) Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for expected credit losses	604	745	551	540
Allowance for diminution in value of inventories	1,079	1,214	910	1,085
Impairment on investment properties	41	380	-	-
Impairment on building, equipments and intangible asset	908	345	908	345
Impairment of biological assets	-	175	-	-
Cost of fattening swine	-	133	-	-
Cost of machinery and equipment	307	-	307	-
Depreciation of stud swine	504	442	-	-
Provision for long-term employee benefits	16,079	16,577	10,620	11,902
Unused tax losses	8,827	-	8,827	-
Leases	1,300	384	1,009	300
Total deferred tax assets	29,649	20,395	23,132	14,172
Deferred tax liabilities				
Interest rate swaps	(689)	(511)	(689)	(511)
Cost of fattening swine	(103)	-	-	-
Cost of machinery and equipment	-	(339)	-	(339)
Surplus on revaluation of assets	(45,331)	(43,900)	(33,851)	(33,011)
Gain on change in fair value less cost to sale of biological assets	(7,841)	(10,768)	-	-
Total deferred tax liabilities	(53,964)	(55,518)	(34,540)	(33,861)
Deferred tax liabilities - net	(24,315)	(35,123)	(11,408)	(19,689)
Deferred tax assets (liabilities) presented in statement of financial position				
Deferred tax assets	-	328	-	-
Deferred tax liabilities	(24,315)	(35,451)	(11,408)	(19,689)

As at 31 December 2022, two subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3 million (2021: Baht 2 million), on which deferred tax assets have not been recognised as those subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire within 2027.

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holder of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Profit attributable to equity holders of the Company (Thousand Baht)	101,483	142,415	41,830	72,291
Weighted average number of ordinary shares (Thousand Shares)	323,400	323,400	323,400	323,400
Earnings per share (Baht/share)	0.31	0.44	0.13	0.22

26. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and their employees contribute to the fund monthly at the rates of 3% and 2% - 15%, respectively of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules of the Group's provident fund.

During the years ended 31 December 2022 and 2021, the contributions were recognised as expenses as following details:

		(Unit: Million Baht)	
Company's name	Fund Manager	Company's contribution in	
		2022	2021
S. Khonkaen Foods Public Company Limited	Bangkok Capital Asset Management Company Limited	6	5
Mahachai Foods Company Limited	TISCO Asset Management Company Limited	2	2
S. Pasusat Company Limited	Bangkok Capital Asset Management Company Limited	0.2	0.3

27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group is organised into business units based on its products and services. Their operating segments are classified into four reportable segments as follows:

1. Processed food from pork
2. Processed seafood
3. Restaurants
4. Swine farm

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The revenue and profit information regarding the Group operating segments for the years ended 31 December 2022 and 2021 is presented below:

For the years ended	Processed food										Total			
	from pork		Processed seafood		Restaurants		Swine farm		Total segment			Elimination entries		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		2022	2021	
31 December 2022 and 2021														
Revenue from external customers	1,599,081	1,410,302	1,099,950	1,021,153	72,458	52,295	400,988	282,926	3,172,477	2,766,676	-	-	3,172,477	2,766,676
Inter-segment revenue	14,491	12,654	71,176	89,438	-	-	-	-	85,667	102,092	(85,667)	(102,092)	-	-
Total sales	1,613,572	1,422,956	1,171,126	1,110,591	72,458	52,295	400,988	282,926	3,258,144	2,868,768	(85,667)	(102,092)	3,172,477	2,766,676
Gross operating profit	309,245	376,645	279,306	281,329	34,544	29,109	140,545	29,133	763,640	716,216	-	-	763,640	716,216
Loss from rental and service													(14,275)	(6,951)
Other income													31,503	32,750
Gain (loss) on change in fair value														
less cost to sale of biological assets													(14,643)	36,297
Selling and distribution expenses													(326,477)	(242,196)
Administrative expenses													(294,186)	(331,381)
Reversal of loss on impairment of investment properties													1,695	-
Finance cost													(30,465)	(30,330)
Tax expense													(19,213)	(31,541)
Profit for the year													97,579	142,864

(Unit: Thousand Baht)

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2022	2021
Revenue from external customers		
Thailand	3,022,877	2,597,018
Others	149,600	169,658
Total	<u>3,172,477</u>	<u>2,766,676</u>

Major customers

During the year, the Group had revenue from 2 major customers amounting to Baht 1,118 million arising from processed food from pork segment and processed seafood segment (2021: Baht 1,373 million derived from three major customers in the same segment).

28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2021	Annual General Meeting of the shareholders on 28 April 2022	<u>48,510</u>	<u>0.15</u>
Dividend for 2020	Annual General Meeting of the shareholders on 27 April 2021	<u>64,680</u>	<u>0.20</u>

29. Commitments and contingent liabilities**29.1 Capital commitments**

As at 31 December 2022, the Group had capital commitments in respect of construction of office building and acquisition of assets of approximately Baht 57 million (2021: Baht 31 million) (the Company only: Baht 45 million, 2021: Baht 9 million).

29.2 Guarantees

- (1) As at 31 December 2022 and 2021, the subsidiaries pledged their bank deposit to secure a fuel credit card of Baht 1 million.
- (2) As at 31 December 2022, the Company has the obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 317 million (2021: Baht 323 million).

- (3) As at 31 December 2022, there were outstanding bank guarantees of approximately Baht 8 million (2021: Baht 8 million) issued by the banks on behalf of the Company and its subsidiaries to guarantee utility charges (the Company only: Baht 6 million, 2021: Baht 6 million).

29.3 Financial derivatives

The Company has unused foreign exchange contracts facilities outstanding of Baht 35 million.

30. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2022							
	Consolidated financial statements				Separate financial statements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Land	-	297	-	297	-	202	-	202
Biological assets	-	25	76	101	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	1,021	320	1,341	-	177	320	497

(Unit: Million Baht)

	As at 31 December 2021							
	Consolidated financial statements				Separate financial statements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Land	-	289	-	289	-	198	-	198
Biological assets	-	42	79	121	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	973	329	1,302	-	170	329	499

31. Financial instruments

31.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans and short-term, lease liabilities and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade accounts receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade accounts receivable are regularly monitored, by the group's policy and procedure of the debt collection.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customers by customer type and reliability. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, The Group sets aside full allowance for doubtful accounts when a receivable meets the criteria set by the Group and will follow the procedures that are clearly stipulated in the Group's debt collection policy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's management in accordance with the Group's policy. Investments are made only with counterparties approved by the Group's Board of Directors and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

The Group's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by financing long-term loans with fixed and variable rates that The Group had manages cash flow efficiently. And short-term loans with floating rates (Market rate). The Group carefully considers the sources of funds in order to ensure financing costs and consistent with the objectives of the Group.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	Consolidate financial statements						
	As at 31 December 2022						
	Fixed interest rates						
	Within	1-5	Over	Floating	Non-interest		Effective
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
<u>Financial assets</u>							
Cash and cash equivalents	866	-	-	45,403	140,512	186,781	0.15 - 0.55
Trade and other receivables	-	-	-	-	524,350	524,350	-
Restricted bank deposits	349	1,166	-	-	-	1,515	0.375 - 0.725
Loan to other company	-	10,935	-	-	-	10,935	4.5
<u>Financial liabilities</u>							
Bank overdrafts and short-term							
loans from financial							
institutions	-	-	-	545,000	-	545,000	1.76 - 2.60
Trade and other payables	-	-	-	-	381,270	381,270	-
Lease liabilities	13,162	33,113	59,627	-	-	105,902	1.53 - 5.375
Long-term loans	157,257	349,327	104,242	-	-	610,826	Note 20

(Unit: Thousand Baht)

	Consolidate financial statements						
	As at 31 December 2021						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	862	-	-	7,516	94,997	103,375	0.05 - 0.375
Trade and other receivables	-	-	-	-	432,427	432,427	-
Restricted bank deposits	348	1,162	-	-	-	1,510	0.375 - 1.50
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	515,000	-	515,000	1.70 - 1.95
Trade and other payables	-	-	-	-	301,790	301,790	-
Lease liabilities	9,345	28,901	66,518	-	-	104,764	1.53 - 5.375
Long-term loans	108,296	371,100	-	-	-	479,396	Note 20

(Unit: Thousand Baht)

	Separate financial statements						
	As at 31 December 2022						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial Assets</u>							
Cash and cash equivalents	-	-	-	7,760	80,411	88,171	0.15 - 0.325
Trade and other receivables	-	-	-	-	458,185	458,185	-
Loans to subsidiary	10,500	74,090	-	-	-	84,590	3.25 - 4.00
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	455,000	-	455,000	1.76 - 2.60
Trade and other payables	-	-	-	-	258,711	258,711	-
Lease liabilities	10,275	25,822	52,405	-	-	88,502	1.53 - 4.00
Long-term loans	95,552	301,534	104,242	-	-	501,328	Note 20

(Unit: Thousand Baht)

Separate financial statements							
As at 31 December 2021							
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalents	-	-	-	3,983	44,505	48,488	0.05 - 0.125
Trade and other receivables	-	-	-	-	327,656	327,656	-
Long-term loans to subsidiary	-	-	-	113,000	-	113,000	3.25
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	450,000	-	450,000	1.70
Trade and other payables	-	-	-	-	188,606	188,606	-
Lease liabilities	7,853	23,145	58,160	-	-	89,158	1.53 - 4.00
Long-term loans	57,290	283,986	-	-	-	341,276	Note 20

Liquidity risk

The Group realises the importance of effective working capital management and sets plans in advance for managing working capital and accessing sources of sufficient short-term financing to meet the needs of the Group's operations. This enables the Group to effectively mitigate risk, boost liquidity and manage costs.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2022				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	-	545,000	-	-	545,000
Trade and other payables	-	381,270	-	-	381,270
Lease liabilities	-	13,162	33,113	59,627	105,902
Long-term loans	-	157,257	349,327	104,242	610,826
Total non-derivatives	-	1,096,689	382,440	163,869	1,642,998

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2021				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Bank overdraft and short-term loans				
from financial institutions	-	515,000	-	515,000
Trade and other payables	-	301,790	-	301,790
Lease liabilities	-	9,345	28,901	66,518
Long-term loans	-	108,296	371,100	-
Total non-derivatives	-	934,431	400,001	66,518

(Unit: Thousand Baht)

Separate financial statements				
31 December 2022				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Bank overdraft and short-term loans				
from financial institutions	-	455,000	-	455,000
Trade and other payables	-	258,711	-	258,711
Lease liabilities	-	10,275	25,822	52,405
Long-term loans	-	95,552	301,534	104,242
Total non-derivatives	-	819,538	327,356	156,647

(Unit: Thousand Baht)

Separate financial statements				
31 December 2021				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Bank overdraft and short-term loans				
from financial institutions	-	450,000	-	450,000
Trade and other payables	-	188,606	-	188,606
Lease liabilities	-	7,853	23,145	58,160
Long-term loans	-	57,290	283,986	-
Total non-derivatives	-	703,749	307,131	58,160

31.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

32. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2022, the Group's debt- to- equity ratio was 1.43: 1 (2021: 1.28: 1) (the Company only 1.38:1, 2021: 1.15:1).

33. Events after the reporting period

On 5 January 2023, S.Khonkaen Holding Company Limited's Board of Directors' meeting passed a resolution to approve the establishment of S. Restaurant Holding Company Limited. S.Khonkaen Holding Company Limited will invest 399,996 ordinary shares with a par value of Baht 10 each. As a result, the Company owns 100% of its authorised share capital.

On 5 January 2023, S.Khonkaen Holding Company Limited's Board of Directors' meeting passed a resolution to approve the investment of Leanlicious Company Limited. S.Khonkaen Holding Company Limited will invested 30,000 ordinary shares in amounting of Baht 4 Million each. As a result, the Company owns 30% of its authorised share capital.

On 17 February 2023, the meeting of the Board of Directors of Mahachai Foods Company Limited ("the subsidiary) passed a resolution to propose to the subsidiary's annual general shareholders' meeting to approve dividend payment from operating results of the year 2022 at Baht 0.65 per share, or a total of Baht 31.85 million. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the shareholders of the subsidiary.

On 21 February 2023, the meeting of the Company's Board of Directors passed a resolution to propose to the Company's annual general shareholders' meeting to approve dividend payment from operating results of the year 2022 at Baht 0.10 per share, or a total of Baht 32.34 million. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the shareholders of the Company.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2023.

Part

4

Appendix





Attachment 1 Director, Management, Executive Director, Chief Financial Officer, Chief Accountant, Company Secretary
of S. Khonkaen Foods Public Company Limited

Name	Director	Independent Director	Management	Executive Director	Chief Financial Officer	Chief Accountant	Company Secretary
1. Dr. Thanong Bidaya	/	/					
2. Dr. Charoen Rujirasopon	/		/	/			
3. Mr. Worapon Lopansri	/	/					
4. Mr. Prasarn Marukpitak	/	/					
5. Mr. Chusak Vijakkhana	/	/					
6. Mr. Charoenphan Phantumongkol	/	/					
7. Ms. Panchama Vipamas	/	/					
8. Dr. Ake Pattaratanakun	/	/					
9. Mrs. Niramom Rujirasopon	/		/	/			
10. Mr. Jaraspon Rujirasopon	/		/	/			
11. Mr. Jarunpoj Rujirasopon	/		/	/			
12. Mr. Thanakrit Rujirasopon	/						
13. Mr. Anuchit Sooktoneang					Acting		
14. Ms. Kalvarat Vithitamataya							/
15. Ms. Nareerat Chatkunakorn						/	

Attachment 2 Director and Executive Director in Subsidiaries

Name of Director	Subsidiary								
	S.PASUSAT CO., LTD.	S K K FOOD CO., LTD.	MA-HACHAI FOODS CO., LTD.	SOR. TRAINING CENTER CO., LTD.	S. KHEHA-KARN CO., LTD.	S. KHONKAEN HOLDING CO., LTD.	S. KHONKAEN CUISINE (THAILAND) CO., LTD.	S. KHONKAEN FOODS (USA), INC.	S. KHONKAEN FOODS (NETHERLANDS) B.V.
1. Dr. Charoen Rujirasopon	X	X	//	X	X	X	X	X	X
2. Mrs. Niramon Rujirasopon	//	//	/	//	//	//	//	//	//
3. Mr. Jaraspon Rujirasopon				//	//	//	//	//	//
4. Mr. Jarunpoj Rujirasopon	//		//	//	//	//	//	//	//
5. Mr. Thanakrit Rujirasopon								//	
6. Mr. Niphon Seetang			//						
7. Mr. Damri Sukhothanang			X						
8. Mr. Pensak Chalarak			/						
9. Mrs. Pornsiri Punkasem			/						
10. Mr. Mongkol Lapchalermpong			/						
11. Mr. Luan Saengtong		//	//						
12. Mr. Supoj Thaisomboon		//							
13. Mr. Chuchart Dejuuthachai			//						
14. Mrs. Nipaporn den Hartog								//	
15. Mr. Weera Prem-on								//	
16. Mr. Chanon Prem-on								//	
17. Ms. Arthicha Prem-on								//	
18. Mr. Chayanon Prem-on								//	

Note : X = Chairman of the Board of Director / = Director // = Executive Director

Attachment 3: Head of Internal Audit

Name/ Last name	Educational Qualifications / Diploma or Certificates/ Related Training	Relevant experience		
		Responsibilities	Period	Position Organization/ Company/ Type of Business
Mr. Sompark Kiratipongwut	License / Professional Qualification <ul style="list-style-type: none">• Certified Internal Auditor Program (CIA 159536)• Certified Professional Internal Audit of Thailand (CPIAT 489)• Certified Internal Audit Collective Action Against Corruption of SME process No. 37 Class 1/2018 (IA CAC SME Certification Process)• Certified for Forensic Accounting (FAC 86)• Certified for Internal Audit Program (IACP)	<ul style="list-style-type: none">- Supervise internal audit work, plan the annual audit work. Define and update guidelines scope, procedures, guidelines for monitoring and consulting on revisions to improve the system for the agency.Evaluate the performances of the audited unit, risk management and company compliance.- To support works for Audit and Corporate Governance Committee to ensure that all works will be done as effectively and comply with the scope of duties and responsibilities of the Corporate Governance Code and Policy.	2022 – present 2018 – present 2018 – 2022 2017 – 2020 2017 - 2018 2014 – 2018 2014 2012 – 2015 2011 - 2012 2002 – 2007 1995 – 2002 1992 - 1994	<ul style="list-style-type: none">• General Manager, Internal Audit Division• Secretary, Audit Committee and Corporate Governance Managing DirectorGeneral Manager, Internal Audit and Secretary, Audit Committee and Corporate GovernanceSecretary, Risk Management CommitteeGeneral Manager, Internal Audit ControlGeneral Manager, Internal Audit and Secretary, Audit Committee and Corporate GovernanceInternal Audit Manager and Secretary of Audit CommitteeInternal Audit ManagerHead of Internal Audit DepartmentHead of Internal Audit Department Assistant Auditor Khonkaen Foods PCL.. CAC Biz Audit and Consult Co., Ltd. Mahachai Foods Co., Ltd. S.Khonkaen Foods PCL. Mahachai Foods Co., Ltd. S.Khonkaen Foods PCL. Golden Land Property Development PCL. The Platinum Group Co., Ltd. E. M. C. PCL. GCAP Co., Ltd. Thai-Union Frozen Products Co., Ltd. Krisda Mahanakorn PCL. Chamras CPA Co., Ltd.
	Educational Qualifications <ul style="list-style-type: none">• Master of Science Program in Internal Auditing, The University of Thai Chamber of Commerce (GPA 3.93)• Bachelor of Business Administration Program in Accounting, Ramkhamhaeng University• Bachelor of Business Administration Program in Accounting, Ramkhamhaeng University			
	Diploma / Certificates			
	The National Institute of Development Administration (NIDA) <ul style="list-style-type: none">• Data+AI for Marketing Communication in the Next Era / 2021 program.			
	National Innovation Agency, Thailand (NIA) <ul style="list-style-type: none">• Innovation Management in Crisis for Business Sustainability / 2021• Data Analytics for Business Innovation / 2021• Innovative Organization Program-Transformation Inside / 2021• Innovation2021 / 101-• Space Technology for Business Innovation / 2021			

Name/ Last name	Educational Qualifications / Diploma or Certificates/ Related Training	Responsibilities	Relevant experience	
			Period	Organization/ Company/ Type of Business
	Department of International Trade Promotion <ul style="list-style-type: none"> • Digital Transformation / 2021 • Innovation and Information Technology for International Trade / 2021 • E-Commerce for Exporting / 2021 • E-Logistics for International Trade / 2021 • Digital Marketing / 2021 • Digital Marketing to Focus on Business Results / 2021 • Online Marketing in China / 2021 Mahidol University (MU) <ul style="list-style-type: none"> • Data Management Foundation / 2021 • Business Analytics with Excel and Power BI / 2021 • Data Visualization and Business Dashboard with Microsoft Power BI / 2021 • Financial Data Analysis with Excel / 2021 Federation of Accounting Professions of Thailand <ul style="list-style-type: none"> • Forensic Accounting Certificate : FAC 1 / 2020 • Chief Audit Executive Professional Leadership Program : CAE 1/2019 • Internal Auditing Certificate Program : IACP 18 / 2018 The Institute of Internal Auditors of Thailand (IIAT) <ul style="list-style-type: none"> • Certificate of Continuing Professional Education <ul style="list-style-type: none"> • Fraud Audit / 2022 • Ethical Audit / 2022 • Ethical Audit / 2021 • Ethical Audit / 2020 • Ethics for Professional IA / 2019 • Certified Professional Internal Audit of Thailand : CPIAT 44 / 2016 • COSO Enterprise Risk Management / 2009 (IIAT & PWC) Thai Institute of Directors (IOD) <ul style="list-style-type: none"> • IA CAC SME Certification Process 1 / 2018 • Anti-Corruption Working Paper 1 / 2018 (IOD& FAP) • Anti-Corruption : The Practical Guide : ACPG 33 / 2016 			

Attachment 4 Chief Accountant

Name – Surname	Educational Background	Relevant Work Experience		
		Period	Position	Organization / Company / Type of Business
Miss Nareerat Chatkunakorn	Bachelor of Accounting, Kasetsart University	April 2017 - Present	Accounting Manager	S. Khonkean Foods Public Company Limited
		April 2011 – March 2017	Audit Assistant	EY Office Company Limited

Attachment 5 Details of Asset Appraisal

Ownership belongs to S. Khonkaen Foods Public Company Limited

Asset Appraisal	Appraisal Price as of December 31 2022	Objective of Appraise	Valuer Company	Explore and Appraisal	Explore and Appraisal	Supervisor
Land	25,920,000.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land of the office building Phra Khanong Nuea, Bangkok	31 August 2022	Mr. Ekaphap Pornchokchai Wor Sor.2463 Mr. Ekachai Plienpho Wor Thor.132
Land	135,661,080.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land of Bangplee factory Bangplee District, Samut Prakan Prov-ince	18 August 2022	Acting Sub Lt. Kittisak Chammanchang Wor Thor.366 Mr. Surapong Trisakul Wor Thor.034
Land	251,700,000.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land of the office building Bangplee District, Samut Prakan Province.	10 August 2022	Acting Sub Lt. Kittisak Chammanchang Wor Thor.366 Mr. Surapong Trisakul Wor Thor.034
Building	290,175,868.60			Sor. Tower		
Land	40,656,000.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land of Mahachai factory Muang District, Samut Sakhon Province	23 August 2022	Mr. Ekaphap Pornchokchai Wor Sor.2463 Mr. Ekachai Plienpho Wor Thor.132
Land	101,050,000.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land at Cham Phak Phaeo Subdistrict, Kaeng Khoi District, Saraburi Province	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	75,646,000.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land at Huai Haeng Subdistrict, Kaeng Khoi District, Saraburi Province	11 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132

Ownership belongs to Mahachai Foods Company Limited

Asset Appraisal	Appraisal Price as of December ,31 2022	Objective of Appraise	Valuer Company	Explore and Appraisal	Appraisal Date	Supervisor
Land	119,238,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Cham Phak Phaeo Subdistrict Kaeng Khoi District, Saraburi Province	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	497,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Cham Phak Phaeo Subdistrict Kaeng Khoi District, Saraburi Province	16 November 2022	Mr. Theerati Sirimahan Sor Mor.746 Mr. Ekachai Plienpho Wor Thor.132
Land	50,000,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land of MFOOD factory Muang District, Samut Sakhon Province	23 August 2022	Mr. Ekaphap Pornchokchai Wor Sor.2463 Mr. Ekachai Plienpho Wor Thor.132
Land	55,674,780.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Tha Sai Subdistrict, Muang District, Samut Sakhon Province	23 August 2022	Mr. Ekaphap Pornchokchai Wor Sor.2463 Mr. Ekachai Plienpho Wor Thor.132

Ownership belongs S. Khehakarn Company Limited

Asset Appraisal	Appraisal Price as of December ,31 2022	Objective of Appraise	Valuer Company	Explore and Appraisal	Appraisal Date	Supervisor
Land	108,400,000.00	For record assets account	Agency for Real Estate Af-fairs Company Limited	Land at Tan Diao Subdistrict, Kaeng Khoi District, Saraburi Province	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132

Ownership belongs S K K Food Company Limited

Asset Appraisal	Appraisal Price as of December ,31 2022	Objective of Appraisal	Valuer Company	Explore and Appraisal	Appraisal Date	Supervisor
Land	12,930,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Moo 5, Cham Phak Phaeo Subdistrict, Kaeng Khoi District, Saraburi Province	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	109,946,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Moo 9, Huai Haeng Subdistrict, Kaeng Khoi District, Saraburi Province	11 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	160,150,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Moo 10, Tan Diao Subdistrict, Kaeng Khoi District, Saraburi Province	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	16,687,700.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Tan Diao Subdistrict, Kaeng Khoi District, Saraburi Prov-ince	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	271,320,000.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Huai Haeng Subdistrict, Kaeng Khoi District, Saraburi Prov-ince	10 August 2022	Mr. Anan Suanthaisong Sor Mor.881 Mr. Ekachai Plienpho Wor Thor.132
Land	44,799,290.00	For record assets account	Agency for Real Estate Affairs Company Limited	Land at Ratchaburi-Khu Bua Road, Mueang District, Ratchaburi Prov-ince	2 September 2022	Mr. Kaneung Jintanon Wor Sor.1216 Mr. Charun Jintanon Wor Thor.442 Mr. Ekachai Plienpho Wor Thor.132

Attachment 6 Corporate Governance Policy (Full Version) Governance Policy (Full Version) and Code

Please find out the full version of corporate governance policy and Business Code of Conduct at

<https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>

Attachment 7 Audit and Corporate Governance Committee's Report

Dear Shareholders,
S. Khonkaen Foods PCL.

The Audit and Corporate Governance Committee of S. Khonkaen Foods PCL. consists of three independent members who are experts with experience in Accounting and Finance, namely Mr. Worapon Lopansri, as Chairman of the Audit and Corporate Governance Committee, and Mr. Prasarn Marukpitak and Mr. Chusak Vijakkhana as members of the Audit and Corporate Governance Committee. All members of the Audit Committee's composition and qualifications are based on the regulations of the Stock Exchange of Thailand (SET).

In Year 2022, there have the Audit and Corporate Governance Committee for four times, that all members had attended+. The Committee has worked with management, internal auditors, and the external auditor to provide a quarterly report to the Board of Directors on the Committee's performance and recommendations, as appropriate. The Committee's major tasks are summarized as follows:

1. Review of the Financial Report

The Audit and Corporate Governance Committee has reviewed the quarterly and annual financial statements for the year 2022, which have been reviewed and audited by the external auditors to ensure that the financial statements are prepared in accordance with the accounting standards or generally accepted accounting principles, contain adequate disclosure, and are presented to the Board of Directors for approval. Additionally, the Committee discussed with the management and the external auditors to address key accounting issues.

The Audit and Corporate Governance Committee meets with external auditors without the management to discuss the independence of the external auditor in performing its duties, significant deficiencies in the internal control system, and management's cooperation in providing supporting information for accurate and timely financial report preparation.

2. Review of the Internal Control System

The Audit and Corporate Governance Committee recognizes the importance of an effective internal control system by reviewing and evaluating the internal control system in conjunction with the Internal Audit Department, which employs the evaluation form of the Office of the Securities and Exchange Commission (SEC) and the COSO-Internal Control Integrated Framework. In the Committee's opinion, the Company has a proper and adequate internal control systems which allows the operation to efficiently achieve its goals and objectives in compliance with the laws and relevant requirements to prevent fraud and damage on assets, and to produce accurate and reliable accounting records and reports.

3. Review of Risk Management

The Audit and Corporate Governance Committee reviewed the Company's risk management procedures to ensure that they are adequate and efficient. The Company has disclosed these risks in the Annual Report.

4. Review of Law Compliance

The Audit and Corporate Governance Committee has reviewed the Company's compliance with the laws governing securities and exchange and the Stock Exchange of Thailand's (SET) regulations and other relevant regulatory authorities, as well as rules and laws relating to the Company's business.

5. Review of the Corporate Governance Committee

The Audit and Corporate Governance Committee has reviewed the Company's operations to ensure that the Corporate Governance System is efficient, adequate, and appropriate, and has approved the review and improvement of the good corporate governance policy in accordance with the Company's good corporate governance principles from the Securities and Exchange Commission's 2017 listing (SEC). The Company has adhered well to the policy.

In 2022, the Audit and Corporate Governance Committee recommended its best practices to the Board of Directors on various topics, including supervising subsidiaries/associated companies, information technology governance, and promoting board participation. This serves as the performance guidelines for the duties and responsibilities in accordance with the international standards of good corporate governance principles.

In addition, the Company participated in the "Thai Private Sector Collective Action Coalition Against Corruption (CAC)" by announcing its intention in May 2014. The CAC Committee accepted the Company as a member of the Collective Action Coalition project in March 2017, showing its commitment and determination to fight all forms of corruption. In 2020, the Company received a recertification from the Thai Institute of Directors (IOD), and in 2022, the Company prepared to apply for the second renewal of the certificate, reflecting the Company's dedication to anti-corruption efforts. The Audit and Corporate Governance Committee has assigned an internal audit unit to review compliance with anti-corruption measures.

6. Selection and proposal for the appointment of external auditors.

The Audit and Corporate Governance Committee considers the selection, the appointment, the termination, and the compensation of the Company's annual auditors and submits these items to the Board of Directors for approval, reporting at the annual shareholders' meeting with a resolution to appoint EY Office Co., Ltd. as the external auditor of the Company and its subsidiaries, based on the qualifications, competence, experience, and performance, as well as the appropriateness of the audit fee.

7. Review of connected transactions or transactions that may have conflicts of interest.

The Audit and Corporate Governance Committee has reviewed connected transactions or transactions that may have conflicts of interest to ensure that the Company has properly treated and disclosed them in accordance with the rules and regulations of the relevant regulatory authorities before presenting them to the Board of Directors and/or shareholders according to the size of the transaction to be rational and transparent.

8. Others

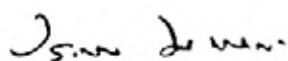
- 8.1 The Audit and Corporate Governance Committee has revised the Committee's charter which is in compliance with the relevant practices and legislations. Furthermore, their performance has been examined individually and as a whole to ensure their compliance with the good practice guidelines set by the Stock Exchange of Thailand.
- 8.2 The Audit and Corporate Governance Committee has reviewed the formulation of anti-corruption measures, including the establishment of channels for whistleblowing or complaints that are sufficient and appropriate for effectively preventing, controlling, or resolving problems caused by wrongdoing and corruption. Furthermore, the Anti-Corruption Policy and Manual have been updated to reflect the Good Practices in compliance with the standards of the Corporate Governance Report of Thai Listed Companies (CGR).
- 8.3 The Audit and Corporate Governance Committee reviewed and approved the risk-based 2022 Internal Audit Plan, as well as the independence and adequacy of resources required for the internal audit department's operations, as well as reviewing the results of internal audits and monitoring the progress of operations on a quarterly basis.

In conclusion, the Audit and Corporate Governance Committee conducts its duties autonomously, using knowledge, competence, and care, and acting prudently in line with the scope of duties given by the Board of Directors. In the Committee's opinion, the internal control system, the risk management system, and the good corporate governance are effective and efficient and in compliance with the related laws and authorities.



(Mr. Worapon Lopansri)

Chairman of the Audit and Corporate Governance Committee



(Mr. Prasarn Marukpitak)

Audit and Corporate Governance Committee Member



(Mr. Chusak Vijakkhana)

Audit and Corporate Governance Committee Member





S. KHONKAEN FOODS PUBLIC COMPANY LIMITED

No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road,
Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Call : 0 2339 3999 Fax : 0 2339 3900 Website : www.sorkon.co.th